



# ***Daily Report***

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## **China**

FBIS-CHI-90-111  
Friday  
8 June 1990

# Daily Report

## China

FBIS-CHI-90-111

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8 June 1990

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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## General

### Spokeswoman on Reporters' 'Illegal Activities'

OW0806111990 Beijing in English to North America  
0400 GMT 7 Jun 90

[Text] The Chinese Government has expressed concern about Australia's announcement that it will grant permanent residency to Chinese students in Australia. This is one of the questions raised at a Foreign Ministry's press briefing on Thursday [7 June].

Radio Beijing's (Xia Jixuan) attended the conference and has this report:

Australian Prime Minister Robert Hawke announced on Wednesday that his government will grant 20,000 Chinese students permanent residency if they choose to stay in the country. An Australian reporter asked Foreign Ministry Spokeswoman LI Jinhua about China's response. Her remarks were translated by an interpreter.

[Begin interpreter recording in English] The Chinese Government has all along showed an attitude of solicitude toward young students, and we also have been adopting the policy of leniency [words indistinct] toward those students who have [words indistinct] expressions and activities abroad. According to the relevant agreement concerning educational exchanges between China and Australia, the Australian Government is obligated to direct the students studying there, who are sent by the Chinese Government, to come home after they have finished their (?studies). (?It is hoped) that the Australian Government will refrain from doing anything (?that is harmful) to the educational exchanges between the two countries. [end recording]

At the briefing, some foreign correspondents claimed that they were badly treated by Chinese security forces while they were covering events over the weekend. The spokeswoman said, as long as foreign correspondents stick to regulations, their security will be guaranteed. [Begin interpreter recording in English] As there are some foreign correspondents who have violated regulations of China by carrying out illegal activities and engaged themselves in activities incompatible with their journalist status. [sentence as heard] And some of them even have connections with those people who engineer illegal activities, and this is what we cannot allow. [end recording]

### Economic Ties With Asia-Pacific Region Assured

OW0706143090 Beijing XINHUA in English  
1336 GMT 7 Jun 90

[Text] Bangkok, June 7 (XINHUA)—China will try various forms of bilateral cooperation with Asian-Pacific countries to promote economic development in the region and will take an active part in the multilateral undertakings to this end.

This was announced here today by Chinese representative Jin Yongjian while addressing the fourth-day meeting of the

46th annual session of the U.N. Economic and Social Commission for Asia and the Pacific (ESCAP).

From today, the current session started discussions on restructuring and developing ESCAP economies in the 1990s, which is also the session's theme.

In his speech, Jin said, "As a result of the worsened external economic environment, such as intensified trade protectionism, decreased foreign aid and weak prices for primary products, nearly half of the ESCAP member and associate members represented by the least developed and the Pacific island countries in the region found it difficult to reverse their economic backwardness by utilizing the opportunities made available by the changes in the world economy."

The number of the least developed countries (LDCs) in the region has increased from five to eleven, he said.

"The Chinese delegation deems it entirely necessary to designate the restructuring issue of these countries as one of the focal points of this session. It should become the order of the day for this region to help them to get rid of poverty by restructuring," he stressed.

He said, "It is true that the economic rejuvenation of the LDCs and the Pacific islands in the region needs unremitting efforts on the part of themselves. But at a time as today when the world economies are ever so interlocked, it is apparently difficult for these countries to gain economic rejuvenation in the absence of strong support of the international community in their efforts to eliminate the adverse effect."

The Chinese delegation believes that one of the priorities of this commission and the ESCAP Secretariat in the 1990s should be to take positive measures in fully utilizing all available resources to support these countries in their economic restructuring efforts, he said.

The developed countries in the region, he pointed out, also have the responsibility and obligation to take more effective measures to increase their aid to these countries.

"Although China is a low-income developing country, as their sincere friend, China will, as it has always done, continue to provide these countries with assistance within its capability" and "will be working closely with ESCAP and other relevant international institutions, take an active part in the multilateral undertakings to the same end," he said.

### World Bank, UNDP Loans for Vocational Training

OW0806024990 Beijing XINHUA in English  
0136 GMT 8 Jun 90

[Text] Beijing, June 8 (XINHUA)—China will use a 50 million U.S. dollar loan from the World Bank to improve the country's vocational training programs. "CHINA DAILY" quoted the Ministry of Finance as saying.

According to an agreement between China and the World Bank, the bank will provide China with 50 million U.S. dollars in soft loans to improve teaching conditions and purchase necessary equipment for vocational training institutions and centers in 14 provinces and cities.

The loans, together with about 400 million yuan (85 million U.S. dollars) of support funds made available by China, will cover 12 vocational training normal institutes and 59 training centers and three vocational training research centers.

In another development, "CHINA DAILY" said the United Nations Development Program (UNDP) will provide China with 990,000 U.S. dollars for the training of management personnel in institutions of higher learning.

The newspaper quoted Zhu Yuli, vice-minister of the State Education Commission, as saying that China is preparing to establish a higher learning management institute.

Through years of hard work, Zhu said China has formed a basic training network for educational management personnel.

He said the UNDP's aid will take the form of personnel training, introduction of library books and materials and advanced management expertise and approaches as well as research into teaching materials.

To assist the training program, China has allocated some 50 million yuan (more than 10 million U.S. dollars) as support funds for the program, he noted.

### Official Views Shipping Policy at Exhibition

OW0706212690 Beijing XINHUA in English  
1807 GMT 7 Jun 90

[Text] Athens, June 7 (XINHUA)—China looks forward to developing "solid working relationships with international maritime community" and "the policy is very flexible," Chinese Communication Minister Qian Yongchang said here today.

"We are ready to talk business with you all," he told a forum held as part of the "Posidonia-90" International Shipping Exhibition attended by five transport and shipping ministers from Britain, China, Liberia, Malta and Greece, adding that China's basic state policy of reform and opening to the outside world would not be changed.

Qian said China had joined 11 international maritime organizations, ratified more than 30 international transport or shipping conventions and concluded bilateral maritime agreements with 37 countries.

The prospects for China's foreign trade and maritime industry "are optimistic," he said.

He said the business cooperation between China and other countries of the world in the shipping sector will surely be further developed and strengthened in the 1990s.

Referring to the future of China's international shipping fleet, Qian said the fleet's major function was to serve the needs of China's foreign trade. He estimated that China's export volume of manufactured goods would increase steadily during the 1990s as well as exports of oil products and coal.

Main import items would include iron ore, grain, timber and fertilizers.

Qian said, "total foreign trade cargo volume by sea in the year of 2000 may come up to 400 million tons. Consequently it is necessary to have more container ships, bulk carriers and other specialised tonnages so as to further expand our regular liner services, to satisfy the needs of our import and export trade and also raise the competitiveness of China's fleet in the international shipping market."

### Possibility of Hosting 2002 World Cup Finals

OW0706213490 Beijing XINHUA in English  
1538 GMT 7 Jun 90

[Text] Rome, June 7 (XINHUA)—The International Football Federation President Joao Havelange hopes the 2002 World Cup soccer finals will be held in China.

Speaking at a press conference here today, the FIFA [Federation Internationale Football Association] president said it has special meanings if the World Cup finals are staged in China which has the world's biggest population.

He said he was impressed by the international women's soccer tournament held in Guangzhou, south China's Guangdong Province, last year. 360,000 fans watched the 24 matches during the tournament.

The president said he will attend the 11th Asian Games to be held in Beijing in September and meet the Chinese sports leaders and government officials.

Havelange, who was re-elected FIFA president Wednesday, said Japan has sent applications to FIFA for hosting the 2002 World Cup finals and Saudi Arabia also has the possibility to stage the event in Asia.

### Literature Symposium Planned for Guizhou

OW0806085590 Beijing XINHUA in English 0720  
GMT 8 Jun 90

[Text] Guiyang, June 8 (XINHUA)—The third international literature symposium will be held in Guiyang, capital of Guizhou Province in southwest China, from July 25 to 31.

The symposium, sponsored by the Chinese Comparative Literature Association and the Comparative Literature Research Institute of Beijing University, will be attended by over 50 scholars from Japan, India, Egypt, South Korea, Hong Kong and Taiwan.

## United States & Canada

### Telecommunications Systems Imported From U.S.

OW0706212290 Beijing XINHUA in English  
1212 GMT 7 Jun 90

[Text] Beijing, June 7 (XINHUA)—The Beijing Telecommunications Administration signed a contract here today to import 36 digital Subscriber Loop Carrier systems (SLC-120) from the American Telephone and Telegraph Corporation (AT&T), bringing the total number of the systems in Beijing to 58.

The SLC-120 is a highly efficient telecommunications system, mainly used to expand the capacity of small exchanges in the urban telephone network.

The systems have also been installed in Dalian, Tianjin, Lianyungang, Shanghai, Xiamen and other Chinese cities.

## Soviet Union

### USSR Chief of Staff Assesses Military Ties

HK0806051490 Beijing RENMIN RIBAO in Chinese  
7 Jun 90 p 4

[XINHUA report: "Soviet Chief of General Staff on Prospects for Development of Soviet-Chinese Military Relations"]

[Text] Moscow, 6 Jun (XINHUA)—Chief of the Soviet General Staff Mikhail Moiseyev said today: "The improvement of the military relations between the Soviet Union and China is a natural process. I think that we shall soon see the obvious benefits from this kind of contacts."

Moiseyev made this remark when he answered a question put to him by a TASS reporter regarding talks between Soviet military leaders and Liu Huaqing, vice chairman of the Central Military Commission of the PRC.

We have already reached agreements on major issues with the Chinese side; that is, we should forget past enmity and build our relations on a new basis, said the chief of the Soviet General Staff.

Moiseyev pointed out that following Soviet leader Gorbachev's visit to China and Chinese Premier Li Peng's visit to the Soviet Union, Soviet-Chinese relations have clearly become warm. It will be very strange if no change takes place in the military field.

Speaking about results of the first few rounds of talks, Moiseyev said that they are mainly the formulation of principles indispensable for the establishment of mutual relations in the military economic fields.

The chief of the Soviet General Staff expressed that the Soviet Union hopes to establish long-term cooperation with China not only in military economy but also in military technology.

Liu Huaqing and his party arrived in the Soviet Union for an official visit on 31 May.

### Liu Huaqing Meets Soviet Defense Minister

HK0806042990 Beijing RENMIN RIBAO in Chinese  
7 Jun 90 p 4

[XINHUA report: "Soviet Defense Minister Meets With Liu Huaqing"]

[Text] Moscow, 5 Jun (XINHUA)—On the morning of 5 June, Soviet Defense Minister Marshal Dimitriy Yazov met with General Liu Huaqing, vice chairman of the Central Military Commission of the PRC, who is on an official visit to the Soviet Union. The two sides had friendly talks. Both sides expressed the desire to further develop friendly relations between the armed forces of the two countries.

Soviet Chief of General Staff Army General Mikhail Moiseyev, Chinese Ambassador to the Soviet Union Yu Hongliang, and Military Attache Major General Ning Wenyan also attended the meeting.

### Beijing, Moscow To Promote Cooperation

OW0706180090 Beijing XINHUA in English  
1448 GMT 7 Jun 90

[Text] Beijing, June 7 (XINHUA)—An agreement was reached between the Beijing Municipal Scientific and Technological Commission and its Soviet counterpart in Moscow recently on long-term scientific and technological co-operation between the two capitals.

The agreement covers fields ranging from overall city development programs, the development of new scientific and technological techniques, daily necessities, foodstuffs and environmental protection to trade exhibitions.

The two cities will also co-operate in setting up laboratories and research centers, developing technology-intensive enterprises and sharing scientific research findings, according to the agreement.

This year the two sides will start six co-operative projects, covering such things as laser medical treatment and electronic products.

### Railway Experts Hold Joint Talks in Xinjiang

OW0806004890 Urumqi Xinjiang Television Network  
in Mandarin 1300 GMT 6 Jun 90

[Announcer-read video report by station reporter Li Zhicheng, from the "Xinjiang News" program]

[Text] [Video opens with a close up shot of a red-and-white banner reading "Warmly Welcome Soviet Railway Design Experts Group" in both Chinese and Russian, slowly backing up to show a long table under the banner in a medium-sized conference room with Chinese and Soviet officials seated on each side.] The

fourth round of talks between Chinese and Soviet railway design experts ended on 4 June. The experts group from the Soviet Kazakh Republic returned home yesterday after winding up a working visit to the Xinjiang Autonomous Region.

During the talks in Urumqi, the Chinese and Soviet railway experts discussed technical problems pertaining to the railway design of the passage between the Friendship Station and the Alataw Station. For several days, the two sides discussed, shared unanimous views, and reached agreements on problems in the construction of rail joints and 47 technical questions on the topography of rail joints between Friendship Station and Alataw Station. [Video shows shots of Chinese and Soviet officials holding discussions across the table and taking notes, cutting to show a close up shot of two Chinese and Soviet officials shaking hands after exchanging signed documents.]

### Joint Electronics Corporation Established

OW0806024890 Beijing XINHUA in English  
0150 GMT 8 Jun 90

[Text] Beijing, June 8 (XINHUA)—China and the Soviet Union are to set up an electronic corporation, a high-tech joint venture, in Tyumen in the Soviet Union, according to today's "CHINA DAILY".

China has approved 18 Sino-Soviet joint ventures as of April, the electronic corporation is the first of this kind of high-tech undertaking.

According to a contract signed in March, the joint venture will concentrate on the production of electric typewriters with China-made parts.

The production capacity of the venture is about 20,000 to 30,000 typewriters a year. Two kinds will be manufactured: one uses Russian and English alphabets; the other Hungarian and English.

The joint venture, approved by the Ministry of Foreign Economic Relations and Trade of China in April, will start operation in November.

All products of the venture will be sold in the Soviet Union and in Eastern Europe.

The total investment for the 10-year-term venture is 3.4 million U.S. dollars. The Chinese investment amounts to 49 percent of the venture, and the Soviets are bearing the rest.

Chinese partners will supply equipment and technology in lieu of cash, Zhang Yang, deputy general manager of the Beijing Qidi Computer Technique Developing Corporation, one of the Chinese partners in the venture.

The other Chinese partner is the Harbin Foreign Trade Corporation in Heilongjiang Province. And the Soviet partners include the Commercial Center of Tyumen and the Tobolsk Oil-Chemical Complex.

### Trade Grows Between Shanghai, Soviet Union

OW0706170290 Beijing XINHUA in English  
1348 GMT 7 Jun 90

[Text] Shanghai, June 7 (XINHUA)—Trade between Shanghai and the Soviet Union has been developing rapidly in the past few months.

Statistics show that the city exported more than 30 million U.S. dollars-worth of goods to the Soviet Union in the first five months of this year.

So far, foreign trade corporations in the city have established business links with 40 counterparts in the Soviet Union.

A municipal official disclosed that several import and export corporations from Shanghai will participate in an economic and foreign trade exhibition in Moscow June 2. The exhibition will be sponsored by the China Council for the Promotion of International Trade.

### Northeast Asia

### ROK President No's Bid To Improve Ties Viewed

HK0806023190 Hong Kong SOUTH CHINA  
MORNING POST in English 8 Jun 90 p 12

[By Willy Wo-lap Lam]

[Text] South Korean President, Mr No Tae-u, has made a major bid to promote ties with Beijing by proposing a summit with Chinese leaders.

Before departing from the United States for home yesterday, he told the South Korean media he wanted to meet top leaders, including Communist Party General-Secretary, Mr Jiang Zemin.

Mr No said he believed China would "put a bigger weight" on its relations with South Korea from now on since it could not "resist the trend now sweeping the world".

The South Korean leader described his proposed meeting with the Chinese leadership as "an unavoidable task."

The Chinese Foreign Ministry has not responded to Mr No's overture.

Diplomatic sources in Beijing said yesterday, while the leadership is evaluating the Chinese-South Korean relationship in the wake of the No Gorbachev summit, it is most unlikely that Beijing would accept Mr No's offer.

Such a meeting would even further irritate North Korea who yesterday launched a blistering attack on the Soviet President, Mr Mikhail Gorbachev, for his "unpardonable traitorous bargaining" with Mr No during their historic summit in San Francisco on Monday.

Moscow and Beijing have long been Pyongyang's allies.

In Kuala Lumpur, visiting Soviet Deputy Foreign Minister, Mr Igor Rogachev, said Moscow would not abandon Pyongyang.

"North Korea is our friend...is our ally, and we shall be loyal to our obligations," he said when he arrived for a two-day visit to Malaysia.

"When we undertake any actions in northeast Asia, of course we will take into consideration the legal interests of North Korea," he said.

In Washington, United States President, Mr George Bush, told Mr No yesterday that he also wanted to improve ties with North Korea but would keep some US troops in South Korea as long as Seoul desired.

Party elders in China, including partriarchs, Mr Deng Xiaoping and Mr Chen Yun, were committed to maintaining China's traditional "lips-and-teeth" relationship with North Korea.

"Unless the reformers take over the Chinese leadership, it is most unlikely that Beijing will follow the economic argument and extend the diplomatic relationship with Seoul to lure more South Korean investment," a Western diplomat said.

In internal speeches, Mr Deng has underscored the importance of a special relationship between such orthodox socialist countries as China, North Korea and Cuba.

In recent months, Beijing has responded warmly to Pyongyang's request that China use its influence to help bolster its increasingly shaky position in the East Bloc.

Diplomatic sources in South Korea dismissed as "pure speculation" press reports that Mr No would like to attend the Asian Games in Beijing.

It was suggested Mr No wanted the opportunity to meet both Chinese and North Korean leaders, including the North's President, Mr Kim Il-song.

"Unless he is given the assurance that Beijing would establish full ties with Seoul, Mr No cannot go to Beijing even in a private capacity," a diplomatic source said.

Analysts said, however, that the diplomats among South Korea's contingent of 600-odd athletes and government officials to the Asian Games would hold talks with Chinese officials on promoting ties.

Over the past few years, Seoul has hoped to exchange trade offices with Beijing.

Analysts said if economic relations between the two countries progress well, there is a possibility of a breakthrough in the exchange of trade representatives after the Asian Games.

Trade between China and South Korea was more than US\$3 billion (HK\$23.4 billion [Hong Kong dollars]) last year.

Yesterday, the official North Korean news agency carried a statement bitterly denouncing the No-Gorbachev summit, during which the two men agreed to move towards diplomatic ties.

"All facts prove that the talks between No Tae-u and Gorbachev...were an unpardonable, traitorous bargaining," said the statement, ostensibly from the Pyongyang-backed South Korean national Democratic Front.

### **NPC's Peng Chong Meets Japanese Guests**

OW0806085390 Beijing XINHUA in English  
0642 GMT 8 Jun 90

[Text] Beijing, June 8 (XINHUA)—Peng Chong, vice-chairman of the Chinese National People's Congress Standing Committee, here this morning met with a group of Japanese visitors headed by Yukio Kurita, governor of Japan's Fukui County.

The Japanese visitors are here to exchange views with the Chinese side on cooperation between Fukui and Zhejiang Province.

### **Sino-Japanese Joint Food Venture Doubles Output**

OW0706170590 Beijing XINHUA in English  
1225 GMT 7 Jun 90

[Text] Beijing, June 7 (XINHUA)—The Beijing Jing-Ri Food Co. Ltd, a joint venture between the Beijing Food Development Co. Ltd and the Tokyo Trading Co. Ltd in the Chinese capital, has doubled its output annually since it was set up three years ago.

The joint venture specializes in foodstuff processing.

With imported technology and equipment and modernized management, the company produced 549 tons of foodstuffs in 1987, 1,367 tons in 1988 and 2,701 tons in 1989. The expected output this year is 4,500 tons.

The company has set up production bases in Beijing and Hebei, Jilin and Hunan Provinces to guarantee the supply of quality vegetables.

More than 90 percent of its products have been exported to Japan, Singapore and the United States so far. It earned 1.86 million U.S. dollars last year and is expected to earn three million U.S. dollars this year from exports.

The joint venture has a total investment of 100 million Japanese yen, with 50 percent from each of the two sides.

Li Shijing, chairman of the board of directors of the company, described the Japanese company as a "trustworthy co-operative partner" in a recent interview with XINHUA.

Shiro Masayama, vice-chairman of the board and general manager of the company, predicted that the company would increase its output to 10,000 tons in 1992 while expanding its markets to North America and other regions.

## Southeast Asia & Pacific

### Chinese Citizens' Residency in Australia

HK0806092590 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1226 GMT 7 Jun 90

[Report by journalist Fang Yuansheng (2455 6678 3932): "Chinese Official in Australia Responds to Reports That Hawke Is Considering the Granting of Residency to Chinese Citizens Who Arrived in Australia Before '20 June' Last Year"—ZHONGGUO XINWEN SHE headline]

[Text] Sydney, 7 Jun (ZHONGGUO XINWEN SHE)—Responding to news reports that Australian Prime Minister Robert Hawke was considering the granting of residency to Chinese citizens who arrived in Australia before '20 June' last year, a Chinese official in Australia said he "did not understand such a consideration."

Yesterday evening, a newscaster on Channel Nine reported that in an interview with Hawke, he told her he personally felt that "the students should stay here if danger is in store for them when they return to their country." The government "will make an announcement very soon." We should "establish a special quota (meaning refugee quota)," "to make residency arrangements for those who were already in Australia before the Tiananmen Incident," "there are more than 20,000 such persons," "but we are drawing the line at around 20 June last year."

After the news was broadcast, Gao Lique, education consul of the Chinese Consulate General in Sydney told journalists that he "did not understand" Hawke's consideration reported in the newscast, for it did not tally with the facts to say that Overseas Chinese students would be persecuted after they returned to China. The Chinese Government has repeatedly announced on various occasions that it will neither investigate nor blame the students who, because they did not understand the situation in China, had participated in demonstrations, and that the students are welcome to go back to China. After they return to China, they can still go abroad if they need to do so. Actually, since last January, nearly 100 overseas students who were sent abroad at state expenses and hundreds of language students who furnished their own education expenses have left Australia for China. Of those students, those who have finished their studies have had suitable employment arranged for them, and those who returned to China for their vacations have gone back to Australia without difficulty to continue their studies. The so-called problem of students being persecuted after they return to China does not exist at all.

Gao Lique pointed out that in September 1986, He Dongchang, vice minister of the State Education Commission of China, signed a memorandum with Susan Ryan, minister of education of the Commonwealth of Australia. Article Nine of the memorandum contains the following stipulations: "Both parties should note the

following: First, according to Australia's policy on overseas foreign students, entry applicants whose intention is to study in Australia must indicate that the true purpose of their entry is to study, and that they will go back to serve their country upon the completion of their studies or training in Australia. Second, the Australian Government shall adopt all possible measures to ensure the residency and education conditions of Chinese students in Australia, and their return to China upon the completion of their studies."

Gao Lique stressed that to ensure the smooth progress of Sino-Australian education exchange work in the future, it was hoped the government of the Commonwealth of Australia and the authorities concerned would note the promises made in the memorandum.

### Li Peng Welcomes Members of Auditing Delegation

#### Meets Indonesian Chairman

OW0806123190 Beijing XINHUA in English  
1130 GMT 8 Jun 90

[Text] Beijing, June 8 (XINHUA)—Chinese Premier Li Peng met Mohammed Jusuf, chairman of the Asian Organization of Supreme Audit Institutions (ASOSAI) and chairman of the Supreme Audit Committee of Indonesia, and his party here today.

Li extended a warm welcome to Jusuf on his revisit to China.

China and Indonesia share a traditional friendship. Li Saivism and Indonesia was one of the first countries to establish diplomatic relations with New China.

The Chinese Government and people sincerely hope to restore and develop friendly relations with Indonesia on the basis of the five principles of peaceful coexistence and of the ten principles of the Bandung Conference, he noted.

Jusuf said he visited China in 1965 and was delighted to revisit the country after 25 years.

He said he was also delighted that in May 1991 China will host the fifth conference and the fourth symposium of the ASOSAI, adding that he believed the two meetings would achieve complete success.

"We are delighted to have the opportunity to host the ASOSAI conference and symposium," Li Peng said. The Chinese Government will work hard to ensure the success of the meetings, he added.

He said these meetings will help the countries involved share experiences in auditing work and promote friendship between Asian peoples.

Li also briefed the Indonesian visitors on China's domestic situation.

### Talks With Malaysian Auditor-General

OW0806123290 Beijing XINHUA in English  
1108 GMT 8 Jun 90

[Text] Beijing, June 8 (XINHUA)—Chinese Premier Li Peng met Tan Sri Ishak Tadin, secretary-general of the Asian Organization of the Supreme Audit Institutions and auditor-general of Malaysia, and his party here today.

In their conversation, both Li Peng and Tadin expressed their satisfaction over the development of the Sino-Malaysian relations and the growth of bilateral exchanges.

Li Peng said that the Auditing Administration of China, which was established not long ago, would like to exchange experience and promote cooperation with other countries, especially other Asian countries.

### Assistant Minister Meets Thai Prime Minister

OW0806123290 Beijing XINHUA in English  
1426 GMT 7 Jun 90

[Text] Bangkok, June 7 (XINHUA)—Thai Prime Minister Chatchai Chunhawan met Chinese Assistant Foreign Minister Xu Dunxin here today to exchange views with him on the friendly relations between the two countries and the Cambodia issue.

The prime minister expressed satisfaction over the development of friendly relations between Thailand and China in recent years.

Xu praised the positive contribution of Thailand to the establishment and development of such relations.

Both sides agreed to strengthen cooperation in seeking a just, equitable and complete settlement of the Cambodia issue.

The Chinese assistant foreign minister, who arrived here Wednesday, will hold discussions Friday with Foreign Minister Sitthi Sawetsila and other Thai Government officials on the Cambodia issue.

Xu will leave for Hanoi later to exchange views with the Vietnamese on the same issue.

### RENMIN RIBAO Commemorates Ho Chi Minh

HK0606102090 Beijing RENMIN RIBAO in Chinese  
19 May 90 p 7

[Article by Hong Zuojun (3163 1563 0689): "He Opened Up a New Era in the History of Vietnam—Written on the Centenary of the Birth of President Ho Chi Minh"]

[Text] Today, 19 May 1990, is the centenary of the birth of President Ho Chi Minh, great leader of the Vietnamese people, and close ally of the Chinese people. With great respect, we commemorate the glorious life of this great man.

President Ho Chi Minh was an outstanding proletarian revolutionary. His great historical merits were that he

applied the universal truth of Marxism-Leninism to the practical and concrete situation of Vietnam's revolution; organized the Vietnamese Communist Party; founded the Democratic Republic of Vietnam; led the Vietnamese people to the road of freedom, independence, and socialism; and opened a new era in the history of Vietnam. In his "Road of Revolution" published in 1927, he used the principle of Marxism-Leninism to correctly explain many basic problems of Vietnam's revolution, proposing that the nature of the then revolution in Vietnam was national revolution, and that this revolution must be led by a political party of Marxism-Leninism. He said that Vietnam's revolution was part of the world's revolution, and that mutual support was needed in the course of revolutionary struggle, but Vietnam should rely on its own efforts. His explanations not only laid the foundation for forming the Vietnamese Communist Party in 1930, but also became the basic guiding thought for guiding the revolutionary struggle after the party was established. Hence, revolutionary struggle in Vietnam developed rapidly, and eventually, under the condition of victory in the war against Japan, they staged the "August Revolution," overthrew the French colonial rule that had enslaved Vietnam for 80 years, and established the Democratic Republic of Vietnam. During the years after the founding of the republic, he led the Vietnamese people to bravely resist the two invasion wars waged by France and the United States, respectively. In 1969, at the critical moment of war against the United States, he unfortunately passed away from illness, but in his testament, he still called on the Vietnamese people to "staunchly fight against the American bandits at all costs, until winning complete victory." Inspired by his fearless spirit of resisting brutality, the Vietnamese people eventually defeated the U.S. aggressors and attained unification of the country. This was a victory of the bright thought of President Ho Chi Minh.

President Ho Chi Minh's lofty character was characterized by plain living and hard work, as well as by his selfless dedication to Vietnam's revolution throughout his life. He said: "My whole life has only one purpose and that is to fight for the interest of the motherland and the well-being of the people, and when I hid in the mountains, or went in and out of the jail, it was for this purpose." He went abroad at the age of 21 to look for the truly effective means to save his country and people, and this indicated his courage and determination to dedicate himself to revolution. In order to train his will for revolution, he was willing to suffer, and he once served as busboy, waiter, gardener, snow-sweeping worker, and coal-burning worker, etc. In order to let his country and people part from the bitter sea as soon as possible, he ignored his own safety and actively launched various activities, despite a close watch by the special service agents and secret police. He was twice put into the enemy's jail, but after he was released he continued the work for revolution and was not threatened a bit. After the revolution won its victory, he was the president of the party and the state, but he continued the plain living

of an "ordinary fighter" as he did during the period of secret activity. He cared for the sufferings of the masses of people, and often said: Our country and compatriots are still poor, and we cannot lead a different life from that of the people. He demanded that cadres must be "worried before the world is worried, and be happy after the world is happy," instructing them to adhere to "revolutionary ethics," be "diligent, frugal, clean, and just," as well as "selfless." For several decades, he relied on his own practical actions to educate his cadres. The testament he left behind has the following words: "I have spent my whole life in serving the country, the people, and the revolution, soul and heart. Now, even though I have to leave this world, I have nothing to regret; the only thing regrettable is that I can no longer serve more and longer." President Ho Chi Minh spent his whole life working hard for Vietnam's revolution, and won marked merits. However, at a time when his life was in critical danger, he still "regretted" not being able to continue serving his people. This lofty revolutionary character prompted great respect and admiration for him among the people.

President Ho Chi Minh was also a revolutionary leader who wrote frequently. Other than using his real name to publish articles, he also used various pen names to publish many articles, and all these articles became an important component part of his revolutionary career. Many foreigners did not know that from 1951 to 1969 when he died, he had used more than 20 pen names to publish more than 1,200 articles in NHAN DAN [People's Post] in Vietnam, amounting to almost 1 million words. This "literary garden," which was cultivated diligently by him, can be regarded as an "unexplored virgin land." A research on these articles is helpful to further understanding the character and thought of President Ho Chi Minh.

President Ho Chi Minh possessed deep feelings toward the revolutionary undertaking of the Chinese people. In the early 1920's, he made friends with senior Chinese revolutionaries such as Zhou Enlai, Wang Ruofei, and Li Fuchun in Paris, and common aspirations tied the revolutionaries of the two countries closely together. He was very concerned about the fate of the Chinese people and published many articles in the foreign newspapers and journals, revealing and condemning the aggressive acts of imperialism against China, and expressing support for the Chinese people in their struggle against imperialism. During the grim period when China engaged in national and democratic revolution, he visited China several times, went through thick and thin with the Chinese people, fought side by side with them, and assisted China's units concerned with translating internal materials, using English to write propaganda materials for external use, and translating Comrade Mao Zedong's "Protracted War" into French, hence, he established a profound friendship with the Chinese people. After China and Vietnam won victory in revolutions, he made ceaseless efforts in strengthening the friendship between the peoples of the two countries. Like what he did during

those days when he enthusiastically supported China's revolution, he eagerly praised China's achievement in socialist construction and thoroughly accused imperialism and reactionary groups of slandering China. From 1951 to 1969, the year he died, just his articles praising China's socialist revolution and construction and with other contents written in pen names and carried by Vietnam's NHAN DAN amounted to over 100, with words amounting to almost 100,000. As a leader of a foreign state and party, the writing of such a great number of articles publicizing China points to the profound friendship between him and China. We see this as the greatest encouragement and impetus to the Chinese people who follow the broad road of socialism. Mao Zedong, Zhou Enlai, Liu Shaoqi and other comrades said more than once when meeting him that the success in revolution and the victory in war against aggression won by the Vietnamese people are forceful supports for China's socialist construction, and they expressed to him their deepest gratitude. In his interaction with China, President Ho Chi Minh was able to value the revolutionary friendship, and correctly handled the past historical relationships between China and Vietnam, and for this he was admirable. At this moment, we cherish very much the memory of the revolutionary friendship he had established with the Chinese people for as long as half a century.

Time elapsed swiftly, and a century has passed. President Ho Chi Minh, with his 79 years of extraordinary revolutionary encourage and willpower, had performed immortal deeds for the liberation of the Vietnamese people and for the undertaking of socialist construction; he had contributed to the enhancement of friendly cooperation with peoples in various countries and to safeguarding world peace, winning love and respect from the Vietnamese people, as well as the people in the world. His glorious name will always be remembered in history.

## Near East & South Asia

### Jiang Zemin's Remarks To Indian Party Group

BK0806031790 Delhi Domestic Service in English  
0240 GMT 11 Jun 90

[Text] The Chinese Communist Party general secretary, Mr. Jiang Zemin, has expressed appreciation of the prime minister, Mr. V.P. Singh's, assurance that India will continue to keep up the momentum of improvement in bilateral relations. He was speaking to the visiting Janata Dal delegation led by Mr. Ramakrishna Hegde in Beijing yesterday. Mr. Jiang said although there are some issues on which India and China differ, they need not come in the way of establishing cordial relations.

Referring to the India-Pakistan relations, Mr. Jiang recalled that he had told the Pakistan People's Party chairperson, Mrs. Nusrat Bhutto, recently that China wants the two countries to settle their differences peacefully.

## Syrian Vice President Visits, Views Ties

### Meets Wang Zhen

OW0706184190 Beijing XINHUA in English  
1435 GMT 7 Jun 90

[Text] Beijing, June 7 (XINHUA)—The development of Sino-Syrian friendly co-operation is in the interests of the two peoples as well as of unity and co-operation among the Third World countries, Chinese Vice-President Wang Zhen said here today.

In a meeting with Muhammad Zuhayr Mashariqah, vice-president of the Syrian Arab Republic and vice-chairman of the National Progressive Front of Syria, and his wife, Wang said China and Syria have a traditional friendship, and the two countries' relations have developed remarkably since they established diplomatic relations.

Wang, on behalf of the Chinese Government and people, extended a warm welcome to the Syrian vice-president, who arrived in Beijing at noon today for an official goodwill visit to China.

Wang said China appreciates the Syrian leaders' and government's efforts to develop relations between the two countries. He said China greatly values its friendship with Syria and is willing to carry out various forms of economic and technical co-operation with that Middle East country.

Mashariqah said he was glad to have the chance of visiting China.

He said he appreciated China's consistent support for the just cause of the Arab world and Palestine, and hoped that Syrian-Chinese relations could be further developed.

Vice-chairman of the National Committee of the Chinese People's Political Consultative Conference Gu Mu attended the meeting.

Before the meeting, Wang Zhen held a welcoming ceremony for the Syrian vice-president.

In the evening Wang gave a banquet in honor of the Syrian guests.

### Meets CPPCC's Gu Mu

OW0806090390 Beijing XINHUA in English  
0720 GMT 8 Jun 90

[Text] Beijing, June 8 (XINHUA)—Gu Mu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) held talks with M. Z. Mashariqah, visiting vice-president of the Syrian Arab Republic and vice-chairman of the National Progressive Front of Syria, here this morning.

Both sides exchanged views on the situation in their respective countries, the Middle-East issue as well as other issues of common concern.

Gu, on behalf of Chairman Li Xiannian of the CPPCC National Committee, extended welcome to the Syrian guest.

The political situation in China is now stable and the 11-year-old reform and open policy has proved to be fruitful, he said, adding that China will continue this policy.

Gu noted that the Chinese Government has always supported the Arab people, including the Palestinian people, in their just struggle and will continue its efforts for the resolution of the Middle-East issue.

Mashariqah said the exchange of views between his front and the CPPCC National Committee is conducive to the deepening of mutual understanding.

Noting that friendly relationship exists between the two nations, he said mutual visits are beneficial to strengthening friendly relations of cooperation between the two peoples and between the Syrian front and the Chinese committee.

He also briefed Gu on the latest developments in the Middle-East region.

After the talks, Gu and Mashariqah signed an agreement on friendly cooperation for the two organizations, under which both sides will strengthen cooperation and exchanges.

Gu hosted a luncheon for the Syrian visitor.

## Xinjiang Muslims Make Pilgrimage to Mecca

OW0706195890 Beijing XINHUA in English  
1344 GMT 7 Jun 90

[Text] Urumqi, June 7 (XINHUA)—The first group of Muslims from the Xinjiang Uygur Autonomous Region in northwest China to travel by charter plane to the Muslim holy city of Mecca in Saudi Arabia left Urumqi today.

Another two groups of Xinjiang pilgrims will fly to Mecca June 11 and 14, respectively.

In the past, Chinese Muslims traveled by bus to Pakistan first before boarding planes.

The pilgrims, all paying their own way, are expected to return in early August.

Several thousands of Xinjiang Muslims have made the pilgrimage since the early 1980s.

## West Europe

### Government Contacts UK About Hong Kong Shooting

OW0806142590 Beijing XINHUA in English  
1408 GMT 8 Jun 90

[Text] Beijing, June 8 (XINHUA)—The Chinese Foreign Ministry has made serious representations to the British Embassy in China over an incident in which a shot was fired at the new office building of the Hong Kong branch of the XINHUA news agency early this month.

The incident occurred at sometime between June 3 and 4 during a demonstration staged by the "Hong Kong Alliance in Support of the Patriotic Democratic Movement in China", which was held in the vicinity of the building. The demonstration had the approval of the Hong Kong British authorities.

A hole about three to four inches in diameter was found in a window on the 11th floor of the building. After the incident local police arrived and found a powerful bullet inside the building.

The branch also made representations to the Hong Kong British authorities soon after the attack.

The Chinese Foreign Ministry expressed deep regret over the incident in its representations to the British Embassy. The ministry pointed out that the Hong Kong British authorities bear responsibility for the incident and demanded that they make a thorough investigation into the matter. The Hong Kong British authorities were also urged to take effective steps to ensure the safety of the personnel and property of XINHUA's Hong Kong branch and other mainland agencies in Hong Kong.

The Chinese Government is closely following developments, the Foreign Ministry stated.

#### **Li Peng Meets French Banker, Delegation**

*OW0706172790 Beijing XINHUA Domestic Service in Chinese 1236 GMT 7 Jun 90*

[Text] Beijing, 7 Jun (XINHUA)—Premier Li Peng met Marc Vienot, president of French Commercial Bank, and his delegation at Zhongnanhai this morning. Both sides held talks on cooperation in energy and financial fields.

Li Peng said: The Chinese Government adheres to its reform and open policy and the country enjoys political stability, which provides favorable conditions for foreign investors. Foreign businessmen can completely rest assured about their investment in China. The Chinese Government praises the French Commercial Bank for its years of successful cooperation with China's Huaneng Enterprise Group and the Bank of China, and hopes that such cooperation will be further strengthened and broadened. We welcome overseas investors to come to China for cooperation in technology and capital. At present, the

central task of China is to carry out its four modernizations program. Energy and communications are the focus of national construction. There is a bright future for cooperation in these fields.

Vienot said: In the past year, the French Commercial Bank has never wavered in its confidence regarding cooperation with China. We are willing to broaden our cooperation with China in commerce and loans on the existing basis. The French Commercial Bank is interested in coal exploitation in China and the development of Shanghai's Pudong area, and is anxious to explore possibilities for cooperation.

Minister of Energy Resources Huang Yicheng and Wang Deyan, chairman and concurrently president of the Bank of China, were present at the meeting.

#### **Portuguese Figure Opposes Isolation of Country**

*OW0706182890 Beijing XINHUA in English 1526 GMT 7 Jun 90*

[Text] Lisbon, June 7 (XINHUA)—The Portuguese prime minister, Anibal Cavaco Silva, last night expressed his opposition to any attempt to isolate China.

"It is impossible to isolate a country with one billion people," he told visiting Irish Prime Minister Charles Haughey, the LUSITANIA NEWS AGENCY reported. The prime minister voted against the decision by the European Economic Community on imposing sanction against China in last June.

#### **Zou Jiahua Meets FRG Welding Society Head**

*OW0706155290 Beijing XINHUA in English 1222 GMT 7 Jun 90*

[Text] Beijing, June 7 (XINHUA)—Chinese State Councillor Zou Jiahua met with H. Sossenheimer, secretary-general of the Welding Society of the Federal Republic of Germany, here today in the Great Hall of the People.

During the meeting, Zou praised Sossenheimer for his contributions in promoting exchanges between the two countries in welding techniques.

The Federal German visitor came here to discuss with Chinese officials cooperation between his society and the Chinese Mechanical Engineering Society.

The societies have had fruitful cooperation on many projects since they established ties in the 1970s.

## Political & Social

### Li Peng Promises Leniency for 4 Jun Participants

HK0806141390 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 8 Jun 90 p 1

[Text] Beijing, 7 Jun (RENMIN RIBAO)—While meeting Kisaburo Ikeura, president of the Japan-China Investment Promotion Organization and president of the Japan Industrial Bank, and his entourage in Zhongnanhai this afternoon, Premier Li Peng said that China's political situation is stable and its economic situation is improving. The party and the government will, depending on the merit of each case, adopt a more lenient policy toward those involved in the 4 June storm last year.

During their meeting Li Peng first extended his congratulations on the establishment of the Japan-China Investment Promotion Organization in Japan and its counterpart organization in China. He hoped that the two organizations will contribute to the development of economic relations, trade, investment, and technological cooperation between the two countries.

Responding to the guests' questions about China's current situation and relevant policies, Li Peng said: Facts prove again that China's political situation is stable and its economic situation is improving. Not only has inflation been brought effectively under control, but China's industrial production has also begun to pick up. According to the latest statistics, industrial production in May this year increased by 4.2 percent, as compared with last year's corresponding month.

Li Peng stressed that the party and the Government will adopt a more lenient policy toward the people who were involved in the turbulence that took place on 4 June of last year, according to the merits of the cases. After last year's turbulence, some personnel studying abroad did or said something wrong because they did not know the truth at home, and were influenced by distorted reports by Western news media. Thus, they are afraid that the government will investigate them if they return home to work or visit relatives. He said: With the political and economic situation becoming stable in China, the party and the government will also adopt a more lenient policy toward them. We will forgive their past misdeeds. Besides, we warmly and sincerely welcome them to come back to work, study, or visit relatives or friends if they express their willingness to abide by China's Constitution and other laws. Our policy is one of uniting to a maximum extent with all those who can be united, to promote China's modernization.

Kisaburo Ikeura said that he now has a better understanding of the efforts made by the Chinese Government to stabilize the political and economic situation, and he is happy about the smooth process of the Chinese Government's task of improving the economic environment and rectifying the economic order. The investment

promotion organizations of both sides will make concerted efforts to make greater achievements, he said.

Kisaburo Ikeura also handed Li Peng a letter from former Japanese Prime Minister Noboru Takeshita.

### Authorities To Deal With Pro-Democracy Activists

HK0806034590 Hong Kong MING PAO in Chinese 8 Jun 90 p 68

["Special Dispatch:" "When the Current Sensitivity Relating to the 4 June Incident Is Over, Communist China Will Deal With Those Involved in the Pro-Democracy Movement Group by Group"]

[Text] Information from Beijing: According to internal news from the senior levels of Beijing Municipality, the Beijing authorities have decided to handle those involved directly in last year's pro-democracy movement, group by group, as soon as the current sensitivity of the first anniversary of "4 June" is over. Some former CPC officials and intellectuals who were directly involved in planning and organizing the movement will be prosecuted and sentenced.

According to information received, some major members of Zhao Ziyang's "think tank" and some intellectuals will probably be sentenced to more than 10 years' imprisonment.

The information disclosed that the line for whether or not to pass sentence on a person rests on whether the person took part directly in planning and organizing last year's "turmoil" and "counterrevolutionary rebellion." The people who only supported the movement but did not directly participate in planning and organizing it, will not be listed for sentencing. The recently released intellectuals, including Dai Qing, Zhou Dou, Gao Xin, etc., belong to this group.

It is still not known how the authorities will handle the arrested student leader Wang Dan. According to an informant, Wang Dan's parents were recently allowed to see him in jail. It seems that Wang Dan has not been tortured, according to his parents, and his health is good, but each day he must write confession materials.

Recently, the press units in Beijing received an instruction from the senior levels: No reporting on the sentencing of intellectuals involved in last year's pro-democracy movement; nor open reporting on the execution of the "ruffians" who burned army trucks and beat soldiers; nor on the release of students, so as not to let the great masses of people know.

### Police To Contain Future Beijing 'Campus Unrest'

HK0806142790 Hong Kong Asia Television Broadcast Limited in English 1230 GMT 8 Jun 90

[Announcer-read report; from "Main News" program]

[Text] [Video report shows medium shot of announcer reading report. Drawing of Tiananmen Square superimposed on the PRC flag is in the background.] China has warned the students at Beijing University that the police would be used to contain future campus unrest. The warning came a day after the Politburo reportedly said that student unrest would be dealt with severely.

### Beijing Residents Still Grieve Over Last Year

HK0806022190 Hong Kong HONGKONG STANDARD in English 8 Jun 90 p 10

[by Cheung Po-lin]

[Text] Beijing has presented two faces during the past few days. Outwardly, it appears calm and peaceful during the day. But the atmosphere becomes tense when the sun sets.

The HONGKONG STANDARD has learnt that the residents of Beijing are still grieving over the deaths of hundreds of people during last year's pro-democracy movement.

"If one says he has no feelings about June 4 then he is a liar," said a worker.

"But police cars and public security officers are everywhere. We simply have no way of venting our anger," he said.

Perhaps university students were luckier than ordinary citizens.

At least they were able to break bottles, sing their favourite song—the "Internationale"—and march around the campus in the early hours of June 4 in defiance of the government.

Possibly inspired by the students, hundreds of residents poured into the street opposite the main gates of Beijing University at around midnight on June 4.

They whispered as they tried to find out what happened to the group inside the campus and whether the students might try to force their way out into the streets again.

Their conversations were interrupted when five motorcycle patrols, three police cars and a contingent of 30 helmeted and armed policemen approached the university.

In a bid to cause confusion, a number of spectators began shouting: "...tanks...bullets are flying..."

Many onlookers, alarmed by the screams, hurried away quickly on their bicycles, as if they were being dispersed by martial law troops as happened last year.

When the patrol moved away, the people began shouting insults at the police.

"Dogs, go away," they screamed.

The officers did not retaliate as they had been ordered to be as tolerant as possible.

Consequently, there were no reports of violence.

One Beijing resident said: "We're not afraid of the armed police or the public security officials as most of them are residents of Beijing.

"They have their families here and know what actually happened last year. So they would not go too far in harassing the people."

Despite these confrontations, however, many residents of Beijing are cooperating enthusiastically with the authorities.

For instance many old women who belong to neighbourhood committees that have been set up in residential areas, played a crucial role in the past few days watching out for any suspicious behaviour.

These elderly people, snooping around residential buildings, parks and alleyways, were actually monitoring their neighbours' movements.

They reported any suspicious behaviour to the authorities immediately.

These "guards" can easily be spotted, especially around the homes of dissidents.

For example, there is an old woman who is "stationed" at the staircase leading to the apartment of Hou Dejian, the Taiwan-born pop singer who has been missing after he failed to appear at a press conference.

The 70-year-old woman, a member of the neighbourhood committee, would question every visitor to the building.

### CPC High-Level Power Struggle Discussed

HK0806134090 Hong Kong CHING PAO in Chinese No 155, 10 Jun 90 pp 44-47

[Article by Liu Pin (0491 2430): "Deng Xiaoping Is Promoting Changes at the Highest Decisionmaking Level; Li Ruihuan Is Playing an Increasingly Important Political Role"—first two paragraphs are CHING PAO introduction]

[Text] Promoted by Deng Xiaoping, the new forces represented by Jiang Zemin and Li Ruihuan are taking on the leading role at the highest level of the CPC. After Zhao Ziyang's downfall, Deng Xiaoping gave much thought to the balance of power at the top level and selected Jiang Zemin and Li Ruihuan for the highest leading organ. Now people can see more clearly why he did so.

The role played by Li Ruihuan has, in reality, gone beyond the ideological sphere of which he is in charge. He is also playing an important role in policymaking for reform and opening up. The efforts he has made since the 4th June Incident for opening up a new situation for the CPC have proved him to be the most enlightened new leader at the highest level of the CPC. He has thus

become the hope of the people who still expect that the CPC will work hard to improve itself.

In an article viewing the political situation on the mainland, which was carried by the last issue of this magazine, I pointed out that although Deng Xiaoping has retired in an all-around way, he still has the final say in working out major policies on party, political, and military affairs; that the fact that Jiang Zemin and Yang Shangkun were "joining hands" with one another was becoming more and more obvious; and that the changing or transfer of the premier is not only a demand of the people but also a matter that the authorities should take into serious consideration. The development of China's situation over the past month or so has further proved this.

#### **The Moderates Tend To Control the Overall Situation**

The 86-year-old Deng Xiaoping, who had been retired for nearly three months, successively met with visiting Egyptian President Mubarak and former West German Chancellor Schmidt on 13 and 21 May, in order to spike a rumor that he had died. At the beginning of May, when interviewed by Barbara Walters, a female reporter of the American Broadcasting Company, Jiang Zemin disclosed that at present, when handling major and important affairs of the state, the CPC top-level leaders still have to seek the opinion of Deng Xiaoping, though the final decision will be made by them. On 13 May, at a news conference held before his Latin America visit, Yang Shangkun also disclosed that the current CPC leaders still consult Deng Xiaoping on many occasions. This shows that although Deng's prestige has been declining since 4 June, he still has a big influence. He is still the real core of the CPC leadership although he has retired.

The fact that Deng Xiaoping is still the core of the leadership has been disclosed by Jiang Zemin and Yang Shangkun. This once again shows that Jiang and Yang are "joining hands" with one another more and more tightly. On the issue of the students who took part in the pro-democracy movement last year, Jiang Zemin told Japanese NHK Television recently that China "has completely stopped pursuing and arresting the students who participated in the demonstration and student strikes last year." Yang Shangkun also said through the Brazilian media that the students who did not know the truth and who were involved in last year's disturbance would not be investigated. The decision on the "big transfer" among the seven military regions in early May was also made by Jiang Zemin, Yang Shangkun, and other members of the Central Military Commission at a commission meeting held at the end of April after consulting Deng Xiaoping. All this shows that a new pattern is taking shape that all major and important policy decisions will be made jointly by Jiang and Yang with the consent of Deng.

Another trend attracting people's attention is the role played by Li Ruihuan, a new member of the Standing Committee of the Political Bureau of the CPC Central

Committee. Since March this year, under high political pressure, Li Ruihuan has, unlike many other leaders, reiterated on several occasions that the idea of taking class struggle as the key link should be negated, playing the same role Zhao Ziyang played in 1987 after Hu Yaobang's downfall. At that time, Zhao opposed the practice of criticizing the right by "ultraleftist" means.

#### **It Is Said That Premier Li Peng Has Handed in His Resignation**

Compared with Jiang Zemin, Yang Shangkun, and Li Ruihuan, Li Peng, who is second in the namelist of the Political Bureau Standing Committee members, is not yet in the limelight. Informed sources said that he has recently handed in his resignation. What was unexpected was that he did not want to be transferred to a position at the corresponding level, but hoped that he could return to his original job (in electric power). People do not know whether he has made this decision because he knows his own limitations or because of the great pressure. However, it is absolutely true that a topic of conversation among Beijing intellectuals at present is that Li Peng has been criticized recently. Jiang Zemin told the American female reporter that if some resolute measures had been adopted soon after the disturbances started last year, such as prohibiting mass rallies in Tiananmen Square, it might have been easier to handle the matter. He was mayor of Shanghai at that time and he used the method of persuading people rather than suppressing by violence to deal with the demonstrations. But at that time, there were different opinions among the top-level leaders of the CPC. Beijing's intellectuals held that what Jiang had said was not only a hint that the suppression would not have occurred if he had been the top leader in Beijing last year, but also a criticism of Zhao Ziyang and Li Peng, the then top leaders in Beijing. It seemed that Jiang was backed by Deng Xiaoping when making those remarks. It also reflected Deng's discontent with Zhao and Li, who did not adopt resolute measures to deal with the pro-democracy movement last year. Deng once told the Standing Committee members not to argue over the rights and wrongs in handling the affairs concerning last year's pro-democracy movement. If now he allows Jiang Zemin to criticize Li Peng, can it be a sign that Li Peng may step down from the stage?

In short, although Deng Xiaoping has retired, he is still "at the helm." Jiang Zemin and Yang Shangkun have closely "joined hands" with one another. Li Ruihuan is playing an increasingly important role. Li Peng may gradually step down from the stage. All these are the new trends in the political situation on the Chinese mainland. Future developments merit our further attention.

Furthermore, promoted by Deng Xiaoping, the new forces represented by Jiang Zemin and Li Ruihuan (or the "moderates") are taking on the leading role at the highest level of the CPC. After Zhao Ziyang's downfall, Deng Xiaoping gave much thought to the balance of power at the top level and selected Jiang Zemin and Li

Ruihuan for the highest leading organ. Now people can see more clearly why he did so.

#### **A Series of Relaxation Actions in May**

The CPC has taken a series of prominent "relaxation" actions since May.

The State Council announced an order on 30 April lifting martial law in Lhasa City of Tibet Autonomous Region as of 1 May.

In early May Jiang Zemin made it clear to the American Broadcasting Company that China has summed up a lesson from mistakes and is equipped with adequate riot police and nonlethal weapons; in future it will not use the Armed Forces to handle demonstrations.

Jiang Zemin also said that Zhao Ziyang would not be brought to trial. Actually the Zhao Ziyang case has been treated as an inner-party matter. In May former West German Chancellor Schmidt visited China and disclosed that he was in correspondence with Zhao Ziyang. This indicates that Zhao's relations with the outside world have not been suspended. Observers have predicted that Zhao Ziyang may possibly show up again when the opportunity presents itself.

On 10 May the Ministry of Public Security announced the release of 211 prodemocracy activists, including Li Honglin, Cao Siyuan, Dai Qing, Li Nanyou, Zhou Duo, and Yang Baikui, who are all world-renowned intellectuals. Before this, the Ministry of Public Security had already freed 573 prodemocracy activists. These two groups made up 784 pro-democracy activists. According to a disclosure, 431 prodemocracy activists are still being detained for investigation and may be freed soon. The "Fang Lizhi case," a hard nut to crack for China and the United States, is being put on the agenda.

On 14 May RENMIN RIBAO quoted remarks by Liu Zepeng, deputy director of the CPC Central Committee's Organization Department, on the policy toward intellectuals. Liu Zepeng changed the authorities' strong attitude taken toward intellectuals since the June 4th incident by reiterating that intellectuals are a part of the working class and, on the other hand, welcoming intellectuals' criticisms and suggestions on CPC work, while at the same time advising party organizations at all levels to do a good job in their work concerning intellectuals.

Jiang Zemin told Japan's NHK Television that Chinese public security personnel had stopped arresting students who joined last year's political turmoil.

While referring to the June 4th incident during a meeting with Schmidt on 21 May, Deng Xiaoping said: "The students should not be blamed too much, leaders and the party also made mistakes."

The purpose of the CPC in making these remarks is to alleviate the people's resentment over the 4 June military crackdown on the pro-democracy movement and to dispel the people's confidence crisis. Externally their

purpose is to express relaxation to Western countries so that they will lift their economic sanctions against China at an early date, as this will help enliven the declining national economy.

Viewed from present developments, the CPC may achieve its external purpose. U.S. President Bush announced on 24 May that the United States would extend China's most-favored-nation status for a year. It will not be easy for the two U.S. Houses to obtain a two-thirds majority to veto Bush's decision. Western industrial countries will hold a meeting of heads of state in July. If this meeting can reach a common understanding on China on the basis of Bush's new explanations (one of which is supporting China's reformists without considering its human rights record as the only factor, so that more democracy will appear in China), Western countries can be expected to remove their political and economic sanctions against China.

#### **A Criterion for Handling Pro-Democracy Activists**

But it will not be easy for the CPC to dispel the mainland people's confidence crisis. "Sad memories remain." The new disappointment caused by the June 4th incident to the masses, particularly to intellectuals, has far exceeded the impact of the antirightist campaign and the catastrophe of the Cultural Revolution. Many intellectuals have bitterly felt that the CPC only believes in guns, bayonets, and ultrarightist politicians, no matter how loyal intellectuals remain to the CPC. It does not trust intellectuals. Therefore they have no alternative but to hope a personnel change toward moderation in top CPC leading circles. Most of the intellectuals who have fled the country since the June 4th Incident are of this mental outlook. They are not too close to the Democratic Front, nor do they estrange themselves from it; they are leaving a margin in their relations with it. They are willing to act as mediators between the CPC and the Democratic Front. But the CPC diehards feel it beneath their dignity to consider such an offer. In such circumstances these intellectuals hope that the gerontocrats will join Mao Zedong soon and that another upheaval will take place in the CPC political arena so that the reformist and prodemocracy forces will have an opportunity to rise again.

Not all the intellectuals and students arrested after the June 4th incident have been released. This is another important factor causing intellectuals to distrust the authorities. Reliable news from Beijing says that the authorities use one criterion to decide whether an intellectual must be dealt with or not. This criterion is whether an intellectual took part in instigating the turmoil aimed at subversion. If an intellectual did not join this activity but only engaged in academic discussions, opposed speculating officials, and held different political views, he will not be dealt with, even if what he said went beyond the prescribed limits. The recently released Li Honglin, Cao Siyuan, Dai Qing, and others fall into this category. If an intellectual participated in this activity, he will be dealt with according to the seriousness of his problems and how he admits his mistakes. Beijing's

CANKAO XIAOXI [REFERENCE NEWS] reprinted a French LIBERATION report revealing that Wang Juntao (member of the Beijing Socioeconomic Research Institute, already arrested) and others every day held a meeting in Jimen Restaurant in the Haidian district of Beijing from mid-April to early June last year to plan the Tiananmen rebellion. Other information said that Wang Juntao cooperated with Chen Xiaoping (deputy director of the Constitutional Research Office of the Chinese Political and Legal Institute), who fled to Wenzhou on 3 June and returned to Beijing to surrender himself to the government in mid-June. He is still detained in Qincheng Prison and has written a 1-million-character letter of confession thoroughly admitting his mistakes. Chen Xiaoping and Wang Juntao had a close relationship, and Wang also had contacts with Hu Ping of the Democratic Alliance in the United States. Wang and Hu were candidates for the Haidian District People's Congress in 1980. Other sources said a number of Beijing University postgraduates studying for master's degrees constituted the main force in last year's storm. It is hard to predict how these intellectuals will be handled. Many of them have been detained for over five months, the detention limit prescribed by law. The authorities have not brought them to trial, nor are they willing to release them. This is an utter violation of human rights and has already been condemned by mainland people, including intellectuals.

Evidently the CPC is facing a big problem in smoothing intellectuals' feelings. If intellectuals' feelings remain unsmoothed, it is impossible to alleviate antagonistic sentiments in society.

#### Li Ruihuan's Outstanding Act and Deed

How to straighten out the feelings of the masses, how to really stabilize public feeling, and how to create a relaxed environment are the questions Li Ruihuan, who is in charge of the CPC's ideological work, has stressed again and again in recent months. Since his speeches reflect the voice of the masses, he has won wide appreciation, and his role in the political arena has drawn more of people's attention.

Why has Li Ruihuan raised the question of "straightening out the feelings of the masses"? As everyone knows, some people in the CPC insist that the occurrence and development of the June 4th incident is attributable to Western countries' attempts to overthrow and infiltrate China, to the activities of Taiwan spies and provocations, and to the so-called elite instigation and command of Fang Lizhi and his wife and others, while only mentioning very few internal causes. This view does not have any scientific basis at all and is extremely out of keeping with Mao Zedong's philosophical thinking, which the CPC itself sticks to, that the "fundamental causes of something are found within itself." When addressing the Tianjin Group of the Third Session of the Seventh National People's Congress on 23 March this year, Li Ruihuan said that some inner questions have not been solved yet. He even bravely raised the question:

"Where is our way out?" His answer was that it is necessary "to constantly and immediately understand the feelings of the masses and to feel their pulse accurately." He held that the "most fundamental and important question is the question of people and the question of how to straighten out the feelings of the masses." "To straighten out their feelings it is necessary to do practical things and good things for them by all means and with all efforts." He considered this a "practical and correct move." In this way, it is possible to really explore the internal causes of things. And only by knowing the internal reasons could they prevent such incidents from recurring. During an inspection in Tianjin from 30 April to 9 May, and when attending the Sixth Annual Meeting of the Research Institute for Ideological Work Among Workers and Staff in China, Li Ruihuan stressed the importance of straightening out the feelings of the masses. This is really outstanding.

The speech he delivered on 11 April at the XINHUA News Agency Domestic Work Conference makes him all the more outstanding. It stressed two main points: First, political, economic, and social stability ultimately depends on the stability in the feelings of the masses. Second, class struggle as the key link has once again been negated.

Since 4 June, the CPC has been seeking political, economic, and social stability through controlling public opinion, using military force, carrying out political purges, and reviving the "messy [wu long 3527 4705] economy." However, it has been proved through practice that stability obtained by force is not true stability. Once a carpenter who used to maintain close ties with the masses, Li Ruihuan simply pointed out the unreliability of this kind of stability. By citing some enlightening old Chinese political sayings in his speech, such as "the emperor is unimportant while the people are important," "the people are the basis of a nation, and when the people are strong the nation will be at peace," and "the people are like the water on which a boat can float and by which it can be sunk," he explained that stability in public feeling is the fundamental stability. Therefore, he believed that it is necessary to straighten out the feelings of the masses. He also said that when resolving economic problems it is not enough to solely discuss economic problems while neglecting the people. While some CPC members advocate the use of high-handed policies, Li Ruihuan's idea of "pleasing the people makes a regime prosper, and displeasing them causes it to collapse" is certainly invaluable.

Another point in Li Ruihuan's speech delivered on 11 April is that he stressed once again the implementation of the political and ideological line which negates class struggle as the key link, adopted since the Third Plenary Session of the 11th CPC Central Committee. He said: "Since the Third Plenary Session of the 11th CPC Central Committee, we have reconfirmed a realistic ideological line, and corrected the mistake of sticking to class struggle as the key link during the socialist construction period. This is a fundamental way to eliminate

distortion in the mass line. When some people, including Wang Renzhi and Xu Weicheng, head and deputy head of the Central Committee Propaganda Department, and some prominent leftist figures who strive to redress "the Zhuzhou Meeting," such as Xiong Fu, He Jingzhi, and Chen Yong, have, since 4 June, vigorously advocated the use of the class struggle view and class analysis method to handle the 10-year antibourgeois struggle and last summer's "turmoil" and "rebellion," the fact that Li Ruihuan negates class struggle as the key link is similar in effect to the speech delivered by Zhao Ziyang in the summer of 1987 on correcting the mistake of criticizing rightism with leftism. If he had not had the courage to take the political risk, he would not have said such things. Being a statesman and a new CPC senior leader, and confronted with today's sluggish economy and sluggish ideology, his speech is obviously favorable to reversing the situation when "everyone is silent" and helps create a "relaxed" political situation.

Li Ruihuan's capacity has virtually exceeded the ideological realm he is in charge of, and has embraced some major policies and principles such as those concerning reform and opening up. His efforts to create a new situation for the CPC after 4 June has made him appear the most enlightened of the CPC senior leaders, and the continued hope of the people that the CPC will reform itself.

#### **Mentioning the Policies and Principles During Zhao's Period**

Jiang Zemin and Li Ruihuan's creating a relaxed situation with the support of Deng Xiaoping is aimed at seeking a way out for China's economy and at stabilizing public feeling.

Deng Xiaoping recently stressed boosting the economy, saying: "If we fail to boost the economy and if the people cannot obtain benefits, the country will not be stable for a single day." Jiang Zemin also said: "Now, stability is most important of all. But it will not do if we become more and more conservative for the sake of stability. To ensure stability it is necessary to obtain an appropriate growth rate for the economy."

In order to implement the instructions of Deng Xiaoping and Jiang Zemin, CPC leaders and CPC mouthpieces have, in recent months, "reiterated" the guiding thought, principles, and policies for economic development adopted during Zhao Ziyang's period, such as the "theory on the primary stage of socialism," the "two new whatevers," "the development of commodity economy," "reform in commodity price structure," and the "development of Pudong." These "reiterated things" can be found in the political report made by Zhao Ziyang at the 13th CPC National Congress. The reason they are "mentioned again" is obviously that when the hardliners have encountered difficulty in practising the "messy economy," seeing the opportunity, the moderates have put economic development back onto the line of the 13th CPC National Congress in every effort to make a better way out for the economy.

Therefore, if Western statesmen could see these changes and stop economic sanctions against China, China's economy would have a better environment for development.

#### **Li Ruihuan Criticizes Paper for Distorting Speech**

*HK0806061290 Hong Kong MING PAO in Chinese  
8 Jun 90 p 2*

["Special dispatch": "Li Ruihuan Enjoins RENMIN RIBAO Leadership Not To Engage in Struggle of the Cultural Revolution Type"]

[Text] According to sources in Beijing, not long ago, Li Ruihuan, member of the Standing Committee of the CPC Central Committee Political Bureau, severely criticized the current leaders of RENMIN RIBAO at an internal meeting of the newspaper office, and required them to stop carrying out any struggle like those during the Cultural Revolution. He also stressed that relations between various quarters should be harmonized so as to smooth people's feelings. His speech caused a great shock in the RENMIN RIBAO office, and was widely praised by journalistic circles in the capital.

However, the leadership of RENMIN RIBAO continued to maintain its hard line and did not bring the internal screening and purges to an end. Reportedly, a number of editors and reporters for RENMIN RIBAO have been expelled from the CPC and have even been dismissed from the newspaper office.

On 28 April, Li Ruihuan was invited to a work conference attended by domestic reporters for RENMIN RIBAO where he gave a lengthy speech to the meeting participants. The speech lasted more than two hours. On 30 April, RENMIN RIBAO devoted a great deal of space on the front page to a report about Li Ruihuan's speech. However, some insiders revealed that the report did not mention the most important and sensitive part of Li's speech and also seriously distorted the original meaning of Li's speech.

According to people in the know, Li Ruihuan talked about the 4 June incident at the meeting. He explicitly indicated that it is not right to lay all the blame on students and the masses, and the main responsibility should be borne by the central leadership. Neither should the blame be completely shifted to Zhao Ziyang, because many decisions were endorsed collectively by the central leading body. Li Ruihuan said this before Deng Xiaoping and Jiang Zemin uttered relevant remarks, and Li's remarks represented more profound rethinking over the 4 June incident. However, RENMIN RIBAO's report on 30 April did not mention the above remarks at all.

In addition, when talking about the organizational rectification after the 4 June incident, Li Ruihuan criticized some actions taken by RENMIN RIBAO director Gao Di inside the newspaper office and used a figure of speech to dissuade Gao Di from stopping internal struggle. Li Ruihuan said: If the chopsticks struggle

against the bowl, the meat inside the bowl will not be sent into the mouth; if the carrying pole struggles against the shoulder, it will be hard to move the loads on the carrying pole. That is to say, a contradiction cannot be settled merely through struggle. However, the RENMIN RIBAO report said: "Through the struggle of the chopsticks against the meat, the meat can be put into the mouth; through the struggle of scalpel against flesh, the focus of infection can be removed; through the carrying pole's struggle against the shoulders, the loads can be moved. That is to say, the struggle will result in settling the contradictions." This completely misrepresented Li Ruihuan's original remarks.

According to people in the know, the atmosphere of the meeting was rather tense that day. Gao Di openly expressed discontent with what Li Ruihuan said, and even said the Li's speech was not in keeping with the spirit of the central leadership and that Li Ruihuan had no power to interfere in RENMIN RIBAO's internal affairs. Then, Li Ruihuan emotionally indicated that so long as he is still holding office, he has the power to take care of things in the newspaper office. Li told Gao Di: "Before I am dismissed from office by the Central Committee, I have the power to dismiss you!"

#### Ex-Vice Minister, Others Expelled From CPC

OW0806135690 Beijing XINHUA Domestic Service  
in Chinese 0610 GMT 8 Jun 90

[Text] Beijing, 8 Jun (XINHUA)—Luo Yunguang, former vice minister of railways, accepted bribes by taking advantage of his official duties and also committed serious mistakes when he was put in charge of the work of the Transportation Bureau. His behavior had a bad influence inside and outside the party. With the approval of the CPC Central Committee, the Central Discipline Inspection Commission has decided to expel him from the party.

From early 1986 to April 1989, a few leading cadres of the Ministry of Railways and of the Zhengzhou Railway Bureau abused their power, engaged in embezzlement, and accepted bribes by taking advantage of the shortage of railway cars and of the difficulties the railway departments had in meeting the needs of transportation. It has now been discovered that those cases involved 48 cadres at and above the divisional level in the Ministry of Railways and in the Zhengzhou Railway Bureau, including a vice minister of the ministry, 15 cadres at the bureau level, and 19 cadres at departmental level. Their criminal activities involved a total of more than 960,000 yuan. The Transportation Bureau under the Ministry of Railways illegally demanded or accepted more than 760,000 yuan under various pretexts from freight owners or lower level units.

Luo Yunguang assumed the post of vice minister of railways in 1986. Since 1988, he took advantage of his position and accepted cash bribes totaling 2,000 yuan, a gold ring (4.65 grams, worth 465 yuan), and a refrigerator (worth 2,354 yuan) from Pan Keming, former

deputy director of the Zhengzhou Railway Bureau, and other people, in addition to receiving another 950 yuan illegally. Because Luo Yunguang was in charge of the work of the Transportation Bureau, he should be held responsible for the acceptance by its former leading group of bribes and for the group's demands for money from owners of cargo and lower-level units. Luo Yunguang committed the serious mistake of being derelict in his duties. The State Council has removed him from the post of vice minister of railways. In addition, the Supreme People's Procuratorate also has decided to place his case on file for investigation and prosecution.

In the meantime, the Central Discipline Inspection Commission also has decided to expel from the party Xu Jun, former director of the Transportation Bureau; Jia Shuang and Hu Junle, former deputy directors of the Transportation Bureau; Wei Guofeng, former assistant to the director of the Transportation Bureau (with treatment equivalent to bureau level cadre); Ma Mingshan, staff member of the Dispatching Department (with treatment equivalent to bureau level cadres); He Zhiju, former director of Zhengzhou Railway Bureau; Liu Demin, former secretary of the Party Committee of the Zhengzhou Railway Bureau; and Pen Kemin, former head of Zhengzhou Bureau. Their criminal actions are being tried by respective judicial units.

#### Yuan Mu Criticized for Conservative Views

HK0806021390 Hong Kong SOUTH CHINA  
MORNING POST in English 8 Jun 90 p 11

[By Willy Wo-lap Lam]

[Text] Yuan Mu, a hard-line ideologue and confidant of the Prime Minister, Mr Li Peng, has been criticised for espousing conservative views, according to a leading China-watching magazine.

In its latest issue, THE MIRROR reported that Mr Li Ruihuan, the member of the Politburo Standing Committee in charge of ideology and propaganda, had banned from circulation a speech made by Mr Yuan in May.

In a speech to youth representatives in Beijing on the eve of the May Fourth Festival, Mr Yuan, head of the Research Office of the State Council and its official spokesman, admonished his audience to stop singing the Internationale, one of China's most popular "revolutionary songs".

Mr Yuan pointed out now that the party had already abolished exploitation and achieved glorious results, it was no longer suitable to sing the anthem, which called upon "the slaves and the aggrieved of this world to rise up and struggle for the truth".

He said since reform had begun in the late 1970s, he had stopped singing the song because "it is no longer appropriate".

Referring to the fact that the song has become popular among the capital's youth, Mr Yuan said: "Who are

exploiting them? I want them to ask their parents, and to examine Chinese history in the past century."

He accused the song's fans of trying to "become 'gods,' 'emperors' and 'saviours'."

The Internationale was regarded as the "revolutionary anthem" of student protesters in last spring's prodemocracy crusade as well as the short-lived student movement in late 1986.

According to The MIRROR, Mr Yuan originally gave instructions that his speech be printed in the national media.

However, relatively moderate leaders, including Mr Li Ruihuan, the party chief, Mr Jiang Zemin, and the Vice-Premier, Mr Wu Xueqian, expressed reservations about Mr Yuan's remarks.

"It is inappropriate to publish and disseminate Comrade Yuan Mu's speech," Mr Li said. "Aren't parts of the speech only his personal views?"

The State Council decided in late May to recall all the tapes of Mr Yuan's speech and to forbid its publication.

"Under instructions by the Politburo, Li Ruihuan and Wu Xueqian had a talk with Yuan Mu and relayed to him the Central Committee's criticism [of Yuan]," THE MIRROR reported.

Political analysts say the controversy surrounding the Internationale reflects the power struggle now going on between the hard-liners, represented by Mr Li Peng and Mr Yuan Mu, and the relative moderates, represented by Mr Li Ruihuan.

"Strictly speaking, Mr Yuan's suggestion about banning the Internationale squares with Beijing's overall policy of stifling dissent," a Chinese source said.

"That he has been subjected to criticism shows that the party's moderate leaders are stepping up their struggle against the hardline ideologues."

### Li Peng Condolences on Death of CPC Member

OW0806121390 Beijing XINHUA Domestic Service in Chinese 0702 GMT 6 Jun 90

[Excerpts] Beijing, 6 Jun (XINHUA)—Comrade Dong Chuncai, a long-tested loyal communist fighter, outstanding member of the Chinese Communist Party, and proletarian revolutionary and educator, died of heart disease on 22 May in Beijing despite emergency treatment. He was 86.

Comrade Dong Chuncai left a written will, which expresses his desire for a simple funeral and no memorial service or ceremony to pay last respects to his remains. He wishes to donate his remains to a medical research unit as his last contribution to the motherland. This indicates his lofty quality of giving all he had to the party's cause, even after his death. Accordingly, his family has donated his remains to China Medical University.

Comrade Dong Chuncai began his revolutionary work in 1936 and became a member of the Chinese Communist Party in 1938. He spent his lifetime spreading scientific knowledge and engaging in educational work. As one of the popular science pioneers in our country, he wrote and translated many popular science books, totaling more than 2 million characters, over the last 60 years. In the 1930's, he started his work of compiling teaching materials in Shanghai. Then, he worked in the Shaanxi-Gansu-Ningxia border region and the liberated area of northeast China, turning out a lot of teaching materials and engaging in education administrative work. After the founding of the People's Republic, he devoted great efforts and made outstanding contributions to implementing the party's education policy, training teachers and education administrative cadres, improving teaching materials, reforming the education system, and carrying out educational research. [passage omitted]

When Comrade Dong Chuncai was in serious condition, Li Tieying, member of the Political Bureau of the CPC Central Committee, state councillor, and minister in charge of the State Education Commission, went to the hospital to see him. After he passed away, Li Peng, Qiao Shi, Song Ping, Wang Zhen, Song Renqiong, Xi Zhongxun, and Ma Wenrui either made telephone calls or wrote letters to express their condolences. Li Tieying and Lei Jieqiong joined Comrade Dong Chuncai's relatives and friends at a ceremony during which his deeds and lofty quality were remembered.

### Officials Attend General's Birthday Celebration

OW0606183690 Beijing XINHUA in English 1424 GMT 6 Jun 90

[Text] Shenyang, June 6 (XINHUA)—The 90th birthday of General Chang Hsueh-liang was celebrated this morning in his native province of Liaoning.

More than 1,200 people attended the celebration gathering in Shenyang, the capital of the northeast China province.

Present at the meeting were Guo Feng and Song Li, members of the Communist Party of China (CPC) Central Advisory Commission, Li Tao, member of the Standing Committee of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], and Wan Shaofen, deputy head of the United Front Work Department of the CPC Central Committee.

Chang's relatives and friends on the Chinese mainland and from the United States, Taiwan and Hong Kong were also at the meeting.

Some 54 years ago, Chang, commander of the Kuomintang's northeast army, was a leader of the Xi'an incident, in which Chiang Kai-shek was detained and then allowed to return to Nanjing after Chiang agreed to cease the fight against the Communists and fight the Japanese invaders instead. That marked the start of all-out resistance to the Japanese invasion.

In his opening speech, Guo Weicheng, honorary president of the Chang Hsueh-liang and the Northeast Army Research Society, praised Chang' devotion to the motherland.

Quan Shuren, secretary of the CPC's Liaoning Provincial Committee, extended birthday greetings to general Chang in Taipei, on behalf of the provincial party committee and government, and the local people.

Quan expressed the hope that Chang would be able to revisit his home town.

General Chang's former army comrades and his relatives also spoke at the meeting.

At the end of the meeting a greetings telegram was sent to General Chang.

### **Zhu Rongji Sees Yang Shangkun Off in Shanghai**

OW0806004690 Shanghai City Service in Mandarin  
0900 GMT 6 Jun 90

[Text] According to a XINHUA report from Beijing, President Yang Shangkun returned to Beijing from Shanghai this morning after successfully completing his state visits to Mexico, Brazil, Uruguay, Argentina, and Chile.

Among those present at the airport to greet President Yang Shangkun were Premier Li Peng, Vice President Wang Zhen, Vice Premier Yao Yilin, Vice Chairman of the National People's Congress Standing Committee Peng Chong, Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference Qian Weichang, Chief of General Staff of the Chinese People's Liberation Army Chi Haotian, and Liu Kai, director of the General Office of the Military Commission.

State Council Vice Premier Wu Xueqian and special assistant Gu Linfang, who accompanied President Yang Shangkun on his visit to Latin America, also returned to Beijing in the same plane.

When Yang Shangkun and his party left Shanghai, they were seen off at the airport by Zhu Rongji, secretary of the Shanghai Municipal CPC Committee and mayor, and other officials.

### **Promoting, Defending Stability, Development Urged**

HK0706141990 Beijing RENMIN RIBAO in Chinese  
21 May 90 p 6

[Article by Li Lian (2621 0500 1344): "Draw on Historical Experience, Promote Stability and Development"]

[Text] Premier Li Peng proposed in the government work report for the Third Session of the Seventh National People's Congress that: "The stability of the state and society must be resolutely defended." The proposal meets the fundamental interests of people of the whole nation and represents their common wish. For the state to prosper and people to live happily, we must resolutely adhere to the socialist construction of the two

civilizations. This in turn calls for a peaceful international environment and a stable home environment. Without a stable situation, none of the construction and reform will be possible, and all prosperity and happiness will vanish.

The 40 years of history since the founding of the country has proved that, when there is relative stability in society, our national economy will develop rapidly, science and culture will progress significantly and people's living standards improve continuously. Let me give two examples. Early on after the founding of the country, our national economy was wrecked and complete poverty prevailed. But under party leadership, the people in the entire nation were unified in will and in less than three years they healed the war wounds, ended inflation, production shrinkage, price hikes and the unbearable living conditions in the old China. Our national economy regained its historical record level (1936). During the "First Five Year Plan" period, the national political and social situation was stable, the people were working hard to revitalize the country. This, plus the aid of socialist countries such as the Soviet Union, enabled us to complete on schedule the building of an industrial pattern which featured 156 projects—which were the centerpiece of the pattern—and 694 above-budgeted construction units, thus initially laying an industrial foundation for our country. At that time annual gross industrial and agricultural output value grew by 10.9 percent. Another example. The decade since the Third Plenary Session of the 11th Central Committee, was, overall, a period of stable development. All undertakings attained tremendous achievements during the decade. Under the guidance of the party's correct line, direction and policy, we adhered to economic construction as the center, pursued reform and opening up, and the state's economic power strengthened enormously. The 1979-1988 decade saw an average 9.6 percent growth in GNP, much higher than the 2.7 percent global economic growth in the same period, and China was among the few fast growing countries in the world. In the decade, urban units owned by all people, collective units and individual urban residents built a total of 1.24 billion sq m of residential area, accounting for 70 percent of the newly built residential areas in the 40 years since the founding of the country, and 2.3 times the area of 30 years ago. Newly built and renovated peasants' housing area measured 6.2 billion sq m, double the total project amounts 30 years ago; 96 million peasants moved into new houses, that is 43.7 percent of the country's total peasants. All these plain facts show that only under a stable political situation can the national economy develop, can people's livelihood be improved.

On the contrary if society is not stable, economic construction will be harmed, production will shrink, social development will stagnate, people's living standards will drop, and even their lives, property and security will be threatened. One obvious example is the decade of the "Cultural Revolution," "full-scale civil war" and "doubt everything, down with everything." As a result normal

factory production was halted, traffic ceased, school was suspended and the national economy suffered tremendous losses. The spiritual wound, bad social mood and the influence on the younger generation in the wake of the revolution, were inestimable. Another example was the turmoil and counterrevolutionary rebellion last year. Though it did not last long, its damage was serious. During the turmoil the social order in some localities fell into an anarchic state and state property was ravished. In Beijing alone the losses ran into tens of million; and this does not include such destruction as delaying young students' academic careers and confusing their minds. After the counterrevolutionary rebellion was quelled, all were glad that state and party leaders had been sufficiently farsighted, had saved the country and protected people's fundamental interests. Now, one year later, in view of the changes of winds and clouds both at home and on the international scene, the decision to quell the rebellion and defend the country's stability comes out all the more brilliant and great!

Both positive and negative facts prove fully that only under stable development can the country remain peaceful and people live in security. Without a stable situation there will be no development, the state will come to grief and the people will suffer. Last February Comrade Deng Xiaoping made a profound point when receiving President Bush: "The problem with China: one overriding need is stability. Without a stable environment everything will fail, and even secured results will be lost. Our country must reform and, to reform, there must exist a stable political environment. Take leave of this point, and nothing can be achieved." Later he said in sincere words and with earnest wishes: "The highest interest for China is stability." "With stability assured, China then can develop; and with several decades of development, by the mid-21st century China will become a very powerful country." Therefore we must attach great importance to the problem of the stable development of the country. This concerns the interest of every member of the Chinese race.

A year of improvement and rectification has achieved notable results. People prefer stability, and this itself is an irreversible trend. But we must not overlook some of the unstable elements in society. We still need to continue to work hard, in a down-to-earth manner, to defend and develop the stable situation. First, we must further enhance improvement and rectification and deepen reform. We must lay a good foundation for the sustained, stable and coordinated economic development by grabbing hold of improvement and rectification, adjusting production structure and rationalizing relationships. Economic development is the premise for political and social stability. Second, further grasp party construction, and rule the party with strict measures. Last year some people stirred up the turmoil with the banner of "eliminating corruption." Of course this was only an excuse for their vain attempt to overthrow party leadership and subvert the state power. But we should also perceive that there is serious corruption among

some of the party members and cadres, which grows like an ulcer on the body of the party. Only when we are determined to cut it can we maintain a close tie between party, cadres and the masses, and only thus can the country's stable situation be safeguarded. Third, we must seriously carry out the party's six plenary session's "Decision on Strengthening the Ties Between the Party and People." For some time there has existed the tendency within many party organs and cadres to stay away from the masses and to be unconcerned about their sufferings. Maintaining a close tie with the masses has always been one of our party's fine traditions. Hence going deep among the masses, confronting real situations, surveying and investigating, understanding and offering help for difficulties encountered by the masses, should be solidified into a system and adhered to. So long as we are not divorced from the masses and can gain their confidence and support, the efforts to defend the stable situation will be rooted in the masses, and we will forever stand undefeated. Fourth, strengthen ideological and political work, educate the masses to always take an overview, treat correctly and overcome difficulties in our progress. There are still areas in our work that are not as good as expected, and malpractice is still present in some individual systems, to be eliminated through deepening reform. But we must have a correct attitude in handling these difficulties, disadvantages and malpractices. They are to be resolved with planned steps and under party leadership. Seeing everything as completely hopeless, making a great fuss, creating a furor or a storm will not help. On the contrary, it will be exploited by bad people. Has not the turmoil and rebellion brought home this point? All of us should defend stability the way we protect our own eyes. We believe, as long as the whole party and the people of the whole country are unified in mind and heart in maintaining the stability of the country, reform and opening up will attain greater achievements, and the construction of the two civilizations will progress in better shape!

### Theoretical Studies on Campus Culture Flourish

HK0806050590 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 16 May 90 p 2

[Report by staff reporter Liu Fei (0491 5481): "Theoretical Studies on Campus Culture Flourish in China"]

[Text] After the enterprise culture craze and the village culture craze, now campus culture is gaining increasing recognition as an important form of social culture in various social sectors. Correspondingly, theoretical studies on campus culture are also flourishing in our country, as was illustrated by the National Seminar on Theoretical Studies on Campus Culture held in Beijing on the eve of the anniversary of the May 4th Movement.

The National Seminar on Theoretical Studies on Campus Culture was jointly organized and held by the China Mass Culture Society, the China Higher Education Society, the China Education Society, and the Propaganda Department of the Communist Youth

League [CYL] Central Committee. More than 160 papers were received from various parts of the country, of which 31 of the more representative ones were selected and read out at the seminar. The papers involved a wide range of subjects and different levels of campus culture. There were both basic and applied theories. The papers were composed by tertiary, secondary, and primary education workers, CYL cadres, workers in the field of mass culture, specialists, and student representatives. It was the first time that such a large-scale seminar on theoretical studies on campus culture had been held in China and that such high-quality papers had emerged in the country.

Comrade Jiang Zemin recently pointed out: "It is imperative for party committees at all levels to put school work on their agendas. They should mobilize the whole party and the entire society to concern themselves with school work." Schools are important bases for training and bringing up talents, and the main body of campus culture life is young students. They are a vital new force in society, and where the country's hope lies. To make sure that there will be successors to the socialist cause, it is necessary to train high-quality talents who have lofty ideals, moral integrity, education, and a sense of discipline. Campus culture has a vital part to play in this process.

Some selected speeches of seminar participants are carried in the following paragraphs. They studied, from different angles, topics such as the process of development, the present situation, and the trends of campus culture in our country, the significance of campus culture, the definitions of campus culture, the interrelationship between campus culture and social culture, the concepts of campus culture, and the relationship between campus culture and education reform.

Gao Zhanxiang (executive vice minister of the Ministry of Culture and president of the China Mass Culture Society):

I believe that to do a still better job in campus culture construction involves the contribution of efforts in six aspects. First, it is necessary to devote major efforts to the promotion of campus culture. Ideology and understanding should be further enhanced, and the strategic ideology for the whole campus established (secondary and primary schools should not be overlooked). Second, campus culture requires party and government leadership. Subtle influence should be exerted through regular and meticulous ideological and political work and through cultural activities that students like. It is essential to provide positive counseling and guidance when problems and conflicts in thinking and sentiments arise and to be on the alert for and resist incorrect ideological trends that mislead the students. Third, campus culture requires correct guidance. Young students are still in the initial stage of forming their world outlook. They do not have a strong distinguishing ability or vast experience in life. It is therefore necessary to provide correct guidance for them. Fourth, campus culture requires teachers' guidance. An important condition in improving the quality of campus cultural activities is to fully develop the teachers' guiding role in campus cultural

activities, and it is the teachers' responsibility and duty to participate in campus culture construction. Fifth, campus culture requires the fostering of "guides" (leaders). Attention should be paid to fostering campus culture mainstays among students, in order to bring about its healthy development. Six, campus culture requires enthusiastic counseling. It should not only absorb nourishment from social culture, but also eliminate and resist the negative factors in social culture. Therefore, it is imperative for the entire society to provide enthusiastic counseling.

He Meiyang (vice president of Qinghua University):

A school's fine traditions and good atmosphere are formed by its spiritual style and pursuit of ideals. This has the educational effects of edification and a subtle influence on students. Looking back at the history of the experience gained with Qinghua University is valuable; that experience demonstrated that healthy and lively recreational activities can be used to foster talents, that campus culture and literature and art organizations should be regarded as a means to teach students in accordance with their aptitude, and that aesthetic education should be emphasized.

Luo Guojie (vice president of the People's University of China):

We should strengthen campus culture, stress the value trend of culture, and foster talents. This generation of young people will stride into the next century. They will have a determining effect on whether or not China will be able to uphold the socialist path. Their education should mainly focus on collectivism. They should be taught the concept of value through campus culture. The individual and the collective should be put in their respective correct places, and care should be taken in fostering good school spirits, a good mental attitude, and a sense of collective pride. The representative figures of bourgeois liberalization capitalize on various forms of campus culture to publicize their viewpoints. We should also give tit for tat.

He Suzhong (deputy researcher of the Mass Cultural Center in Jiujiang City, Jiangxi Province):

If we explore and study the phenomena of campus culture from the viewpoint of social cybernetics, we can say that campus culture is neither ideological nor conceptual. Campus culture is the standard setup of various realities of students as social beings, and the major manifestation of campus culture is the social cybernetic setup of the students' inherent and extrinsic activities. To maintain our country's economic development, political stability, and social progress, and to foster builders and successors of the socialist undertaking, campus culture should focus on the establishment of a cybernetic setup of the students' social behavior.

Zhou Zuchang, Zhao Gaolun (Beidao District Cultural Center in Tianshui City, Gansu Province):

Campus culture and education reform are co-existent and interdependent. We are now faced with the development of campus culture as an important aspect of contemporary education reform. This is closely related to the evolution of teaching concepts put forward after the 10 years of reflection upon school education reform, (i.e., the change from the original traditional teaching pattern of learning through teaching, and teaching first and learning afterwards, to a pattern of teaching through learning, and learning first and teaching afterwards. The original pattern of teaching first and learning afterwards has been changed into a pattern of teaching first and thinking afterwards, so as to foster the students' ability in creation and in bringing forth new ideas. This expands the intentions of traditional school education and highlights the "educational" factors of teaching activities.) Therefore, campus culture has been introduced not merely to give students an active campus life; more importantly, campus culture should be coordinated with the deepening of education reform and should serve the objective of fostering a new generation that is adapted to our modernization constructions.

Zhu Lianfa (Wuyi County Cultural Center in Zhejiang Province):

There is a vivid class nature about campus culture, which is a comprehensive form of culture and the basis of national culture development. These characteristics have in turn determined the three main features of campus culture, namely, extensiveness, independence, and practice, and also the following functions and effects of campus culture in the students' comprehensive development: First, campus culture supplements the inadequacies of classroom education and enhances the students' learning results. Second, campus culture helps students to understand the world and to improve their intelligence. Third, campus culture helps students to increase their confidence and fosters their imagination and creativity. Fourth, campus culture helps students to improve their aesthetic judgment and to mold their moral values. Fifth, campus culture helps students to improve their ability to participate social activities and to strengthen their concept of competition.

Zhang Tiesuo (Shanxi University)

The development of campus culture is closely related to political, economic, and cultural development in society, and campus culture has its vivid contemporary characteristics. This is the social backdrop of the development of campus culture. Campus culture is closely related to the continuous development and perfection of education. To a certain extent, the development of "campus culture" itself signifies the development of education. A simple summing-up of the special characteristics of campus cultural activities is as follows: From the lower levels to the upper levels (usually, the actual content of campus cultural activities is first proposed by students and not by the school leadership or education administrative departments), from one point to a whole area (popular and

influential activities are often launched and rapidly developed in a class, faculty, or school first), the effects of "capable persons" (key organizers of campus cultural activities are usually individual "capable persons").

Through the "4 June" political turbulence last year, we have come to understand that the biggest mistake in our previous work was the slackening of ideological and political work. The blatant bourgeois liberalization ideological trend has caused quite a number of young students to go astray. This profound lesson should be noted and learned from. The realm of campus culture is as Comrade Mao Zedong said: "If it is not the east wind prevailing over the west wind, then it is the west wind prevailing over the east wind." At present, it is most imperative for our country and our nation to stabilize the situation and rise with force and spirit. Cultural activities have their irreplaceable effects in these two aspects. The stabilization of the political situation, the economy, and society is determined by the spirit of the masses (including young students). To achieve this objective, apart from reinforcing and improving ideological and political work, it is also necessary to launch a multitude of cultural activities, so that the people will be spiritually happy and satisfied, which, in turn, will promote stability throughout the entire society. In the present stage, campus cultural activities are generally of a relatively shallow level and are not deep enough. Therefore, it is necessary to further strengthen the theoretical studies of campus culture, especially of the study of applied theories, so as to guide and propel campus culture towards all-around development in a healthy and correct direction.

#### Commentator Urges Practicing Jiao Yulu's Spirit

HK0806055790 Beijing RENMIN RIBAO in Chinese  
24 May 90 p 1

[“Commentator's article:” “Take the Lead in Putting Jiao Yulu's Spirit Into Practice—Commenting on the Proposals of 26 County Party Committee Secretaries and County Heads”]

[Text] According to a report by this paper on 22 May, 26 county party committee secretaries and county heads of Henan and Shandong issued a proposal to their counterparts of some 2,000 counties (cities and districts) on striving to learn from, carry forward, and take the lead in putting into practice Jiao Yulu's spirit.

The proposal mainly includes seven points, namely: Like Jiao Yulu, seriously and assiduously study Marxism-Leninism-Mao Zedong Thought, act as a leading cadre really faithful to Marxism, and unswervingly take the socialist road; act as a good “team leader” and be a model and example to bring about a leadership group with cohesive power, appeal, and combat effectiveness; be resolved to “sink” into the grass roots to conduct investigation and study, formulate a blueprint of development that tallies with the realities of one's own county, and carry it out in a down-to-earth manner; be a close

friend of the masses, make friends with them through many forms, such as through regular contacts and visits and working on the spot, listening to them, and improving work; every year, do within one's power several practical things that will benefit the masses and which are urgently needed by them; be honest in performing one's official duties, be righteous, be devoted selflessly, and take the lead in subjecting oneself, family members, children, and the working personnel around oneself to discipline; not only resist but also dare to deal with unhealthy trends, including trading power for money or the other round, committing graft, receiving bribes, building private houses indiscriminately, and eating and drinking with public funds.

Such a proposal is very good, timely, and practical. After we work out a plan and make proper arrangements for what and how the county and city leading cadres should learn from Jiao Yulu, this will facilitate comparison, implementation, and examination. When the cadres learn from Jiao Yulu, the county and city leaders should learn more urgently. It is hoped that in response to this proposal, all county and city party committee secretaries, county heads, and mayors will allow the new brilliance of Jiao Yulu's spirit to radiate in all counties and cities of our motherland.

Since the Sixth Plenary Session of the 13th CPC Central Committee adopted the decision on strengthening the ties between the party and the masses, many leading cadres at all levels have gone into action and actively implemented all demands of the "decision." In such a situation, it is extremely appropriate that places like Henan propose to learn from Jiao Yulu again. Leading comrades of the central authorities have affirmed this method, pointed out that Jiao Yulu's spirit is of practical significance, and approve of the cadres learning from Jiao Yulu. Comrade Jiao Yulu is a brilliant example in wholeheartedly serving the people, keeping close ties with the masses, and bending his back to the task his dying day. If our leading cadres have Jiao Yulu in their minds and learn from him everywhere, the ties between the party and the masses will be even closer. The proposal of 26 county party committee secretaries and county heads works out a plan for learning from Jiao Yulu and the county and city party committee secretaries, county heads, and mayors of all places can set more practical demands on themselves in the light of the local and their own situation.

It is necessary to work out a plan for learning from Jiao Yulu and to carry out the plan. The deeds of Comrade Jiao Yulu was reported in the spring of 1966. At that time many people were moved to tears by his spirit and many cadres began consciously making a step forward with him as an example. The pity was that the turmoil of the "Cultural Revolution" interrupted this good tendency. Compared with the 1960's, the situation in the 1990's has changed very greatly and there are many new characteristics in the constitution of the ranks of the

cadres. To enable Jiao Yulu's spirit to blossom and bear fruit, it is essential to do practical work in the light of current realities.

The course of learning from Jiao Yulu is the course of heightening ideology and consciousness and improving work style. With the lofty image of Jiao Yulu as a criterion, the masses' expectations of the county party committee secretaries and county heads are very high. Some comrades feel that the demands for learning from Jiao Yulu are high and difficulties in learning from him great. Indeed, it is so. Those who take advantage of their power to seek private ends cannot learn from Jiao Yulu; those who are bureaucratic cannot learn from Jiao Yulu; those who live comfortably cannot learn from Jiao Yulu; those who are unwilling to share weal and woe with the masses, bear hardships in the interests of the masses, and devote themselves cannot really learn from Jiao Yulu's spirit. Therefore, we must consciously serve the people and unrelentingly struggle against the unhealthy trends, such as taking advantage of power to seek personal gain, practicing bureaucratism, seeking ease and comfort, and being slack in work. Only by grasping this fundamental work can we carry out the specific measures for learning from Jiao Yulu and really achieve results in learning from him.

County and city party committee secretaries, county heads, and mayors, we warmly expect that more and more of you will be praised by the masses for being "a good Jiao Yulu-type cadre!"

## Science & Technology

### Song Jian Stresses Scientific Development Role

OW0206065290 Beijing XINHUA Domestic Service  
in Chinese 0733 GMT 24 May 90

[By RENMIN RIBAO reporter Shi Mingshen (2457 2494 1957) and XINHUA reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 24 May (XINHUA)—During a recent interview with reporters, Song Jian, state councillor and minister of the State Science and Technology Commission, said: Science and technology will become the decisive factor that vigorously promotes China's national economic development. The development of science and technology, however, is inseparable from support by the financial sector. This is because funds are a kind of energy, and nothing can be accomplished without energy. The integration between funds and science and technology has very important significance for bringing about sustained, steady, and coordinated development of the national economy and social progress.

Song Jian said: The role played by science and technology in social and economic development differs greatly from the role they played a century ago. Science and technology were an important factor that gave impetus to social progress; their continued development to today has made

them become a decisive factor. Mankind has entered the 1990's. Burgeoning new technological revolution has made possible widespread applications of science and technology to all fields of endeavor in society, a phenomenon never seen before. It will inevitably make the productive forces leap forward and have an important influence over the decision by the state on its overall economic policies and development strategies. Therefore, it is necessary for us to attach importance to science and technology and place the promotion of scientific and technological advances high on our agenda no matter whether we endeavor to surmount the temporary economic problems facing our country at present or strive to bring about sustained, steady, and coordinated development of the national economy.

Song Jian said: Something new has happened to the scientific and technological work in our country over the past 40 years, especially since our implementation of reform and the open policy. We have achieved noticeable successes in our scientific and technological work. Over 4 million of the 10-million-plus contingent of scientific and technological personnel are working hard in the main battlefield of economic construction at present, while more than half a million of the contingent are working in the rural areas. They are giving play to very important roles on every front of our economic construction. All society feels an even more urgent need for science and technology and has an higher expectations of them during the period of the current campaign to improve the economic environment and rectify the economic order. The power demonstrated by science and technology in all fields of economic endeavor has enhanced the whole society's awareness of science and technology and has aroused hundreds of millions of people in the rural areas to thirst for and pursue science and technology. More and more people have come to recognize that it is necessary for a developing socialist country such as ours, which has abundant resources but is relatively poor, to pay special attention to taking the road of promoting improvement of economic results with the aid of scientific and technological advance through technological renovation, scientific and technological development, and widespread applications of their achievements.

Song Jian pointed out: It is necessary for us to have the support of funds to turn science and technology into realistic productive forces and turn scientific and technological achievements into competitive commodities in both the domestic and foreign markets. It may be said that funds are the "energy" for scientific and technological development. The funds for scientific research in our country rely solely on financial allocation by the state before reform of the system of science and technology. A large number of scientific research achievements could not be spread, widely applied to production, and turned to realistic productive forces if there is no support from necessary funds from the management system. This situation in which science and technology get financial allocation for their research and development but no support for

turning their achievements into productive forces forms a short-circuit "area that is void of funds;" make it difficult for scientific research institutes, colleges, and universities to spread applications of their large number of scientific and technological achievements while production enterprises face "relative technology shortages;" cause some enterprises to be mired in the process of having low technological level, making low quality products, and being engaged in overlapping production; delayed and impeded our readjustment of the production structure due to relative incompetency on the part of enterprises to cope with contingencies; and affected the national economic development in our country.

Song Jian said that the situation of scientific research departments' feeding solely on "public grain of the state" has been somewhat changed along with reform of the system of science and technology in recent years. Song Jian praised the successful tries by the financial sector, especially the Industrial and Commercial Bank of China, to take the lead in granting loans to scientific and technological endeavors in recent years. He said: The granting of loans to scientific and technological endeavors has played a very good role in developing new and high technology and related industries, renovating traditional industries, assimilating imported technology, and spreading applications of advanced technology. It has played a big role in encouraging scientific research institutes and the research departments of colleges and universities to change their operating mechanisms and push forward the major scientific and technological programs of the Torch Plan, the Spark Plan, technological development, spread of achievements, and applications of electronic technology. Marked economic results and social benefits have been achieved as a result. Our practice in recent years shows that the granting of loans to scientific and technological endeavors and other financial means has played an important role in giving impetus to further supporting science and technology to be applied in the economic sector and turning their achievements to production. Further integration between finance and science and technology also has a very important significance of promoting the beneficial circulation of funds for credit loans and improving the beneficial results of the use of funds.

Song Jian pointed out: China's scientific and technological power is very great. At present, according to statistics, there are more than 10,000 scientific and technological achievements scored by units at and above the level of province and ministry. The number of applications for patents exceeds 20,000 per year. It is a tremendous scientific and technological resource and our superiority. It is hoped that the scientific and technological sector will seize the favorable opportunity offered by the current campaign to improve the economic environment and rectify the economic order and take advantage of the environment and conditions created by reform and the open policy to be bold in pioneering new undertakings, cooperate closely with the financial sector, make vigorous efforts to spread the scientific and technological

achievements, and wage a struggle for promoting agricultural development with the aid of science and technology, fueling China's rural areas with the Spark Plan designed to gradually set a fire of agricultural modernization spreading far and wide, and establishing and developing their own high technology industry. It is also hoped that the financial sector can actively support the scientific and technological sector; provide more "energy" for science and technology to participate in economic activities; create favorable conditions; and attract millions of scientific and technological personnel to the orbit of serving economic development by contributing their intelligence, abilities, and wisdom. It is necessary for us to attach special importance to developing a high technology industry that is internationally competitive. Our hope for making the Chinese nation stand on its own feet among a multitude of nations in the world rests on this.

Song Jian emphasized: The comprehensive national strength of every country in the world will eventually be decided by science and technology. A nation that is incapable of gaining superiority with the aid of science and technology in the international arena will only find itself in a position of being neglected, discriminated, and exploited. The high technology industry has become a weapon in the hands of certain Western countries to bully and oppress other countries. It has also become an important means for them to exploit and plunder the resources of the developing countries. If we cannot develop our own high technology industry more quickly, it will be very hard for us to rid ourselves of our dependence on the developed countries. Some have used the military technology of blockade to pressure us in the past few decades. They did not succeed. Now they want to exert pressure on China again in the field of civilian high technology. They cannot possibly succeed. It is hoped that the comrades of both the scientific and technological sector and the financial sector will coordinate with each other and make practical and effective contributions to developing China's own new high technology industry and modernizing its economy. This is an obligation that should be fulfilled by both the scientific and technological sector and the financial sector in giving full play to the superiority of the socialist system.

#### **New Aircraft for Agriculture, Forestry Developed**

*OW0606114390 Beijing XINHUA in English*  
*0938 GMT 6 Jun 90*

[Text] Beijing, June 6 (XINHUA)—China is developing three types of aircraft for agricultural and forestry use, a spokesman for the Ministry of Aerospace Industry announced here today.

The aircraft—the Yun-5B, Nong-5 and Yun-11B—are safe and have a wide application.

The 1.5-ton Yun-5B, certificated by Chinese authorities for airworthiness after successful trial flights, is now being mass produced, according to the spokesman.

The Nong-5, a single-seat, single-engine aircraft up to international levels of the 1980's, was put through flight tests at the end of 1989 and is expected to be available to customers in 1991. The plane has a cargo capacity of 800 kg.

The Yun-11B, based on the Yun-11, will go into production in 1991, the spokesman said.

#### **More Electric Power Projects Approved**

*HK0506021290 Beijing CHINA DAILY in English*  
*5 Jun 90 p 2*

[By staff reporter Huang Xiang]

[Text] Sixteen electric power projects have won the approval from the State Planning Commission to begin construction in 1990.

These projects, when completed, will have a total capacity of 5.9 million kilowatts, an official from the State Energy Investment Corporation said.

Total investment amounts to 9.3 billion yuan (\$1.98 billion) with 1.2 billion yuan (\$255 million) to be spent by the end of the year.

"The State corporation will provide one third of the investment while the rest will come from local sources," said Wang Xianguang, of the Corporation's research division.

Seven projects are jointly funded by central and local governments, a policy the State corporation has been encouraging since 1988.

The corporation, under the State Planning Commission, handles State investment in coal and electric projects.

According to Wang, another seven projects, with a capacity of 1.4 million kilowatts, are completely locally-funded. The investment involved is nearly 2.2 billion yuan (\$468 million).

The remaining two projects are funded by Huaneng Corporation, a major State commercial energy company.

Half the 16 undertakings are extension projects. Experts said they believe that undertaking extension projects is economically more desirable than launching new ventures, especially in times of money shortages.

#### **Military**

#### **People's Liberation Army Reshuffles Viewed**

*HK0406020390 Hong Kong HONGKONG STANDARD*  
*in English 4 Jun 90 p 1*

[By Tammy Tam]

[Text] Reshuffles are continuing in the leadership of the People's Liberation Army [PLA] with changes in the central general departments following moves in the seven military regions.

The new central appointments have emerged in XINHUA News Agency reports, which also confirmed a recent reshuffle in the Nanjing military region.

Observers had expected that after the changes in the regions there would be a reshuffle in three central PLA general departments—the General Political Department, the General Logistics Department and the General Staff Department.

General Yu Yongbo, former director of the political department of the Nanjing military region, has been promoted to deputy director of the PLA General Political Department.

Gen Yu's new title appeared in a report about him meeting a high-level Soviet military delegation on Saturday. Xinhua said Gen Yu told the Soviets about the PLA's political education work.

A native of Liaoning province and a member of the Mang minority, Gen Yu, 59, is a member of the party Central Committee. He became a first general in 1988.

The director of the General Political Department is the hardline General Yang Baibing, who is also secretary general of the Central Military Commission. Gen Yang is the younger brother of President Yang Shangkun.

Gen Yu's new assignment is seen as a sign of strengthened political education in the army. Since Gen Yang holds two important posts, he needs someone to assist him in the General Political Department, whose main job is to keep the army loyal to the party.

The PLA General Logistics Department has also acquired a new deputy director, General Li Jiulong, former commander of the Jinan military region.

Gen Li, 61, a native of Hebei province, was sighted at Beijing's airport on Saturday, seeing off Defence Minister General Qin Jiwei, who was leading a PLA delegation to Egypt and Jordan.

Gen Li's new assignment in Beijing is more a transfer than a promotion, as the commander of a military region holds the same rank as a deputy in the three general departments.

But there has been an important reshuffle in the Nanjing military region.

This was shown when XINHUA reported the names of the Nanjing army heads who appeared at Shanghai's Hongqiao airport on Saturday to meet President Yang on his return from Latin America.

General Gu Hui, former deputy commander of the Jinan military region, is now commander of the Nanjing military region, which covers Shanghai.

Gen Gu, 60, a native of Liaoning province, is an alternative member of the party Central Committee.

General Shi Yuxiao, previously former deputy political commissar of the Nanjing military region, has become the political commissar, succeeding General Yu Yongbo.

Gen Shi, 57, is a native of Shannxi province and a member of the party Central Committee.

Military sources noted that periodic reshuffles are standard practice, partly as a means of preventing the development of local chauvinism.

### Military Leaders Watch Children's Performance

OW0106142790 Beijing XINHUA Domestic Service  
in Chinese 1351 GMT 29 May 90

[By correspondent Li Yongfang (2621 3057 5364) and reporter Sun Maoqing (1327 5399 1987)]

[Excerpts] Beijing, 29 May (XINHUA)—Song Renqiong, Liu Huaqing, Chi Haotian, and other leading comrades zestfully watched a performance staged by the Lantian [Blue-Sky] Children's Art Ensemble of the Air Force at the Air Force auditorium today. They extended greetings to the children on the occasion of the coming "June 1" international children's day. [passage omitted on history of Lantian troupe]

At the end of the performance, Song Renqiong, Liu Huaqing, Chi Haotian, and other leading comrades walked up to the stage to cordially shake hands with the children, congratulate them on the success of their performance, and pose for a group photo with them.

### PLA Secretary General Stresses Leadership Style

HK0406121290 Beijing JIEFANGJUN BAO in Chinese  
21 May 90 p 1

[Report by correspondents Shi Wenting (0670 2429 0080) and Jiang Ning (1203 1337): "At the Training Course on Philosophy in PLA National Defense University for Cadres at or Above Army Level, Yang Baibing Stresses: Improve Style of Leadership, Build a Pragmatic Image"]

[Text] Improving the style and art of leadership is a major practical issue which the leading cadres at all, especially at high levels, of our Army have to treat with full attention and greatest determination. The style and art of leadership are relevant to the stability of the overall situation and the prosperity and success of the party and the state. They have a direct impact on the development of army building and reform. Leading cadres at all levels should conscientiously remold their world outlook, adhere to the ideological line of seeking truth from facts, initiate a down-to-earth style, and build a pragmatic image. This is what Yang Baibing, Secretary General of the CPC Central Committee Military Commission and Director of the PLA [People's Liberation Army] General Political Department, emphasized in his speech delivered this morning at the training course on philosophy in the PLA National Defense University for cadres at or above army level.

Why is the emphasis on improving the style and art of leadership so necessary now? Yang Baibing said: First, this is an objective requirement of building closer ties between the party and the masses and maintaining stability of the overall situation. Our party has established a relationship as close as fish and water with the people in the protracted revolutionary wars and socialist construction. But as a ruling party in the context of reform and opening up, our party is facing an unprecedented historical trial. Practice has shown that restoring and developing the party's flesh-and-blood relationship with the people is an essential problem concerning the stability of the overall situation and the prosperity and success of the party and the state. To implement the "CPC Central Committee's Decision on Strengthening the Relations Between the Party and the People," an important task is for leading cadres to improve their style and art of leadership. Therefore, we should not take the improvement on the style and art of leadership simply as betterment of leading or managerial tactics. It is by nature an issue concerning orientation, principle, and politics. Second, this is urgently needed by the development of our army building and reform. Since the Third Plenary Session of the 11th CPC Central Committee, the Military Commission has set the general objective and task as turning our army into a "strong, modernized, regularized revolutionary army with Chinese characteristics;" made a strategic turn in the guiding ideology for army building; issued the "Central Military Commission's Decision on the Political Work of the Army in the New Period" and "Several Issues on Strengthening and Improving Political Work of the Army Under the New Circumstances;" promulgated and implemented "Three Sets of Regulations" for cadre work, the "Program for Grass-Roots Army Building," and the "Regulations for the Military Training of the Chinese People's Liberation Army;" and also promulgated a series of laws and regulations concerning army work. We may say that, up till now, the broad policy for army building in the new period has been determined and chief rules and regulations in this connection established. In order to carry out the policy, implement the rules and regulations, and substantially develop and enhance the overall standards of army building, there must be a major change in the style and art of leadership of leading cadres at all levels. Third, this is also vital to strengthening leading groups and cadres ranks organizationally. These years, with the implementation of the policy of "four transformations" of cadre ranks, the overall quality of the leading cadres in our Army has been upgraded and improvement in their style and art of leadership can also be seen. Nevertheless, we should be soberly aware that our style and art of leadership are still unable to fully meet the needs of the new situation and new tasks facing us. Furthermore, with the average age of cadres reduced, a large batch of comrades in their prime have taken up leadership posts in our Army. At work, they are full of vigor, energetic, and fearless of hardship. But many of them have weaknesses in their style and method of work. Therefore, to upgrade individual quality of leading cadres and to improve leading groups

organizationally, we must take great pains to improve our style and art of leadership.

He said: In order to improve the style and art of leadership, we should strengthen theoretical study and, particularly, try with great efforts to master the basic points of Marxist philosophy. Yang Baibing, in light of his impressions obtained from his investigations in the Army and the existing problems in the style of leadership, gave his opinions on how to use Marxist philosophy to improve the style and art of leadership.

**First, uphold the principle of seeking truth from facts and guide work according to penetrating judgment of the reality.** Reality and practice are the sole criterion by which leading comrades offer advice, give instructions and provide guidance on the planning, measures, and methods of work. However, many comrades frequently err on this commonsense issue, lacking true, all-around, and profound knowledge of reality. The most basic way and method to enable oneself to seek truth from facts and align one's subjective world with the objective world are to investigate and study the reality. It is essential for everyone to have a good command of this basic technique, no matter how experienced and capable he is or whether he is a military cadre, a political cadre, a rear-service cadre, or a cadre dealing with science and technology. No matter how changed things are and how advanced means of communication is in future, investigation and study will remain the most basic and most reliable way to know things. We must make further efforts to obtain intimate, unerring, and profound knowledge. To obtain an intimate knowledge, one should go down to the grass-roots level for investigation, as a medic learns the secret of life by dissecting a sparrow. In this connection, there are four conditions under which a leading cadre has to do things by himself: When he is exchanging feelings with the masses in the course of investigation; when he is personally experiencing real situations; when he has to make a decision on a problem; and when he finds something which provokes his thought while directly communicating with the officers and soldiers at lower levels. To obtain a correct knowledge is to understand the truth and all sides of a matter. To achieve this, a leading cadre must adopt an earnest attitude, get down from one's high horse, and listen to others as a "pupil" does to his teacher. He must exchange ideas and have heart-to-heart talks with comrades lower in rank on equal footing, willing to listen to good news and bad news alike. Thus, an open, frank, and honest atmosphere can be created. To obtain a profound knowledge, one has to see through the appearance to get at the essence and understand the objective law that governs the way things develop. To emphasize obtaining intimate, correct, and profound knowledge is, at bottom, to uphold the principle of seeking truth from facts and to call for greater efforts to understand and master the law of army building. The strategically significant switch from the previous guiding ideology inaugurated a new period for our army building. In recent years, we have promulgated, one after another, some laws and regulations applicable to the whole Army. They all resulted

from summarizing practical experiences and concentrating the wisdom of the whole Army and reflected, in various respects, the general law of army building in this new age. These laws and regulations, when applied by a batch of leading cadres who know well the characteristics and specific laws of their own unit and are good at integrating the requirements of the Central Military Commission and the PLA General Departments with the reality in their units, will undoubtedly help the whole Army develop and improve immensely.

**Second, consistently make overall plans and take all factors into consideration, so as to improve the ability to control the entire situation.** Only when a leader understands the overall situation and the position of his department in the overall situation, is he able to perform his duties successfully in his department. High-ranking cadres should bear the following issues well in mind: International situation and domestic political developments; broad policies and specific principles of the party, the state, and the Army; fundamental issues concerning orientation in army building; difficulties facing the grass roots; and the weal and woe of lower-ranking cadres and the rank and file. Only by so doing can they stand on a higher plane with broadened vision and conscientiously keep in line with the overall interests. Leading cadres should not only understand the overall situation but also conscientiously put overall interests first. They should take all factors into consideration in making decisions and learn to handle things as dexterously as an expert pianist does with his keyboard; teach themselves how to find out where things head for and develop foresight at work; enhance the Army's fighting capacity in an all-around way by paying attention to the comprehensive, long-term, and fundamental construction of the Army.

**Third, adhere to the practice of making "two [meaning balanced] remarks" and learn to "grasp with both hands."** The principle of making balanced remarks in understanding matters, and grasping with both hands in guiding work, is an important idea put forward and reiterated by Comrade Deng Xiaoping. This idea, full of dialectic wisdom, is an in-depth summary of our party's historical experiences and a vivid embodiment of the philosophical belief that everything divides into two. It is an important guideline for administering the country and the army. Over the years, the Central Military Commission and the PLA General Departments have been correct in matters concerning important principles and policies. But this is only seen in army building as a whole. When it comes to the details of army work, however, many practices marred by partiality and going to extremes are found with some comrades in some units. Therefore, leading cadres must discard metaphysical thinking and learn to understand things and master the law of development in view of dialectical unity. In practice, they should first see both the pros and the cons of something and try to be impartial. Second, they should know where to start and where to stop, having an eye for opportunities. Third, they should avoid keeping a wrong tendency covered while trying to correct another,

which does happen. Fourth, they should handle well the relations between dissuasion and persuasion, and between discontinuance and reestablishment. As for the latter, it is necessary to pay special attention to the continuity of work. There used to be cases wherein new arrivals after change of leadership failed to make use of the foundation that their predecessors had laid and were not good at learning from the latter's successes. We may not disrupt the continuity of history in our work. We should, instead, take previous conditions into consideration and make headway on the basis of previous achievements. This is why maintaining the continuity of work is not simply a matter of style of work or art of leadership, but has a direct bearing on the smooth replacement of the old by the young, and on better development of army work.

**Fourth, stick to the integration of the general character and individual character of a matter and strengthen case-specific and category-specific guidance.** Leading cadres should be good at integrating instructions from the above with the reality of their respective units and distinguish different cases and provide guidance accordingly. In February this year, the party Central Committee approved and transmitted the summary of the army-wide political work meeting. This "summary" is a programmatic document for strengthening the political construction of the army and is important as a guideline for the whole army. But in the course of implementation, difference is seen in the categories of key problems to be solved between units stationed in special economic zones and coastal open cities and those in the inland and on the frontier; between air forces and ground forces; and between combat troops and institutions or colleges and schools. Without bringing forward practical, feasible measures and methods in view of the reality in a particular unit, it is impossible to implement the "summary" to the letter in that unit. At the same time, we should also proceed from the reality and grasp typical cases to improve the whole.

**Fifth, stick to the dialectical unity of knowledge and practice and spare no efforts to develop a down-to-earth work style and carry work through in a thorough way.** Regarding the current situation in the Army, a common problem is superficial work style and insincere attitude toward work. Attaching importance to practice and emphasizing the need to actively remold the world is a distinctive feature of the philosophy in which we communists believe. The process of our work is a process of practice, understanding, re-practice, re-understanding; a process of constantly understanding and remolding the world; and a process of uniting knowledge with practice. Finding out the law of development through investigation and putting forward correct suggestions is only the first half of the entire work. More important is to apply our objective resolutions, plans, measures, and requirements to practice, let them work on the objective world, and bring out good results in remolding the world by going back to practice. True, it is not easy to do the first half of the work well, but it is all the more challenging to

do the second half. However, without accomplishing the second half of the work, we cannot reach our final goal. If we fail to apply our opinions, plans, or requirements, no matter how perfect they are, and do nothing but committing them to paper, or presenting them by word of mouth or at meetings, then they will be of no value at all. This is where the significance of emphasizing the need to develop a down-to-earth style and carry work through in a thorough way lies. To achieve this, efforts should be made at both higher and lower levels. The superficial work style at lower levels has much to do with some guidance from the above that is divorced from reality. When assigning tasks, leading organs must take account of the specific situation and bearing capacity of grass-roots units, and should not unduly require quick results. Nowadays, many cadres have a very unhealthy mentality, that is, they tend to worry that their superiors fail to see the work, however little it may be, that they have done. Sometimes, they do not hesitate to weave the bits and pieces they have done into self-commending reports, publicize them on television, and submit them to higher levels. This practice should not be encouraged. The way we evaluate a cadre is mainly by examining whether or not he has devoted himself to thorough work, how well he has headed his unit, and how well he has done in organizing all-around, long-term, and fundamental construction in his unit. Emphasizing thorough work should be connected with the down-to-earth nature and creativity of work. The Central Military Commission and the PLA General Departments have in recent years worked out some broad rules and regulations for army building. It is now important to act in strict accordance with these rules and regulations and make efforts to ensure thorough work. It goes without saying that these basic rules and regulations can only be implemented by integrating them with the reality of each unit and through the abundant creative practice of leading organs at all levels and the broad ranks of cadres and soldiers. What has come forth from the masses has to be returned to the masses. Only by going back in such a way can we ensure proper performance of tasks and enrich and develop the rules and regulations with new experiences constantly provided by the masses. Therefore, thorough work is inseparable from creativity: They are in unity. It is a very hard task to ensure thorough work. Without painstaking efforts, there will be no down-to-earth work to speak of. It is not right to scratch the surface without going deep into matters or to save trouble by simplifying matters. Meticulous, unhurried, and painstaking efforts must be made. Ensuring thorough work is central and vital to the improvement on the style of leadership. It determines, to a great extent, whether the leadership style is good and the method of work is scientific.

**Sixth, we should cultivate strong awareness of the interests of the masses and serve the grass roots and the soldiers wholeheartedly.** Reinforcing our awareness of the interests of the masses and sticking to the mass line are a fundamental issue in improving the style and art of leadership. So far as leading cadres in the army are concerned, the masses refer to the grass-roots units and

soldiers whom they should serve conscientiously. In the context of the Army, the principle that the masses are the creator of history means that the grass-roots units and soldiers are the basis of the Army and the source of fighting capacity. Without them, army construction will lose its foundation. To care about, trust, and rely upon soldiers, and to practice unity between officers and men, are an important principle in Mao Zedong's Thought for army building and one of the political advantages and chief features of our army. Comrade Deng Xiaoping has time and again stressed that leadership means service. Who is to be served, then? The grass roots are the chief object of our service. Over the past few years, the Central Military Commission, the PLA General Departments, and authorities at all levels have done a lot of practical things for the grass roots and worked out a series of policies, regulations, and concrete measures in the interests of, and favoring, cadres and soldiers at the grass-roots level. Faced with strains on military expenditure, they have been doing their best to benefit the grass roots and have settled many practical problems. However, it should also be noted that among our leading cadres and in our leading organs, cases of separating themselves from the grass roots and the soldiers still exist. Consideration and service for the grass roots are far from enough. These problems occur mainly for the reason that some comrades have estranged themselves from the grass roots and their feelings for the masses have weakened. This has to be changed with a full determination. To serve the grass roots, we have to stick to the line of "from the masses, to the masses." When formulating policies, tackling problems and doing work, we have to modestly listen to cadres and soldiers expressing their opinions, understand their demands and feelings, and arouse their enthusiasm. Leaders and organs should use the grass roots as a mirror to find out whether the guidance on work they have given conforms to the reality there and is in keeping with the aspiration of cadres and soldiers. To reinforce our awareness of the interests of the masses and consistently serve the masses, we have to wage a firm struggle against all sorts of corrupt practices. Graft, taking bribes, appointing people by favoritism, and seeking personal gains by abusing powers are most detested by the masses and will inevitably cause estrangement between themselves and the masses. They are also extremely incompatible with the party's work style of maintaining close ties with the masses. The central authorities, Military Commission, and authorities at all levels have laid down many regulations on this problem. The task now is to follow these regulations.

Finally, Yang Baibing pointed out that the above-mentioned six points are the result of consideration on the present situation in the army. To sum up, they can be represented as dialectical unity in six ways: 1) Between subjectivity and objectivity; 2) between a part and the whole; 3) between the principal aspect and secondary aspect of a contradiction; 4) between the general character and specific character; 5) between knowledge and practice; and 6) between leadership and the masses.

Yang Baibing emphasized that the work style and method of a leading cadre are nothing but a reflection of his world outlook. The root of problems concerning his work style and method, in the final analysis, can always be found in his world outlook. Therefore, to improve style and art of leadership, one has to take pains to remold one's world outlook and conscientiously overcome and clear away the influence of subjectivism, individualism, and metaphysics. Leading cadres at all levels must buckle down to reading some of Marx's and Lenin's classic works. In particular, they should study well the works by Mao Zedong, Deng Xiaoping, and other senior revolutionaries. They should consistently practice and improve themselves while studying, constantly elevate their perceptual knowledge to rational knowledge, and organize and theorize their practical experiences. Only by so doing can we keep improving the quality and standards of our leadership and promote the steady progress of army building and reform under complicated circumstances.

Also present at the meeting were deputy directors of the General Political Department Zhou Wenyuan, Yu Yongbo, Li Jinai, President and Political Commissar of the PLA National Defense University Zhang Zhen, former Political Commissar Li Desheng, General Office Director of the Central Military Commission Liu Kai, and directors of political departments in major PLA units stationed in Beijing.

#### **Commentator on Political Work Among Troops**

*HK0606045390 Beijing JIEFANGJUN BAO in Chinese  
28 May 90 p 1*

[Article by JIEFANGJUN BAO "special commentator": "Improve Political Work While Strengthening It, Blaze New Trails While Assuming Legacies"—Discussing Our Army's Political Construction, Part Four]

[Text] The political work in our Army is developing while continually adjusting to the changes in historical conditions and is progressing in the dialectical unity of inheritance and blazing new trails. Inheriting legacies and developing them are united in the practice of political work. This is a historical process for the continual development of the political work in our Army and is the reason for the great vitality in the political work in our Army. In the face of the changes in the current international and home situation, and confronted with the tests of reform and opening up and of the peaceful environment, it is necessary to always stick to political work, which is the life blood, bring into full play the role of political work as service and guarantee, and stick to improving it while strengthening it, and blaze new trails on the basis of inheriting legacies.

It is quite necessary to strengthen and improve political work during this new period. However, it is essential to strengthen it. Our Army is the People's Army under the CPC's absolute leadership. The ideological work in our Army is the party's ideological and organizational work

among the troops. No doubt, in the whole historical period of establishing the socialism with Chinese characteristics, it is necessary to stick to and strengthen the party's leadership. It is especially necessary to strengthen, but not diminish at the least, the party's leadership when international hostile forces are carrying out the "peaceful evolution" strategy in a vain attempt to overthrow the socialist system in our country. This determines that the party's ideological work in the Army can only be strengthened, but cannot be weakened. Only in so doing, can we ensure that the Army always stick to the party's absolute leadership under all circumstances, and can the party maintain accord with the CPC Central Committee ideologically, politically, and in action, stick to a firm and correct political direction, possess a high degree of organization, discipline, and strong combat effectiveness, so that the Army can be immovable in the face of "storms and winds," bringing into full play the role of the socialist motherland as a strong pillar.

In recent years, the entire Army has conscientiously studied a series of instructions on army building during the new period given by Comrade Deng Xiaoping, conscientiously implemented the party's lines, principles, and policies, and put into practice the "Decision on Political Work in the Army During the New Period" passed at a discussion meeting of the enlarged meeting of the Central Military Commission in 1986. The political work in our Army is progressing despite interference and is developing amid continual explorations. It has played an important role in bringing about the strategic change that the Army establishes the guiding thought and in the accomplishment of various tasks. Generally speaking, the Army is strong and powerful. Nevertheless, as the ideas of bourgeois liberalization have become rampant in recent years, the political work among the troops has been influenced to varying degrees. For example, some comrades have wavered in their understanding of the role of political work and have slackened in their work. Some do not pay attention to or are not conversant with the fine traditions of the political work in our Army with the result that some fine traditions have not been seriously inherited or carried forward. Others have slackened their vigorous ideological struggle against incorrect ideas with the result that the principle and combat effectiveness of political work have been weakened. Yet others are complacent with the present situation, stick to the old rules, and lack the spirit of exploration in the face of new contradictions and questions. The actual situation has demonstrated that the current political work for the Army has first to be strengthened and then improved. To properly do the political work during the new period, we must meet the general demands of the party's basic line and of building up and regularizing the revolutionary troops, pay more attention to strengthening and improving political work, and further strengthen it through improvements.

Does it mean that we will neglect reform and new direction in political work when we have to strengthen it first? Of course, not. The political work in the Army is directed at

finishing the undertakings of the party and helping to build up the Army. Political work must develop alongside the development of the party's undertakings and the Army's building. Compared with the past, there have been great changes in the Army's current situation, the tasks it shoulders, its guiding thought for army building, its structure and systems, its composition of troops, its weapons and equipment, and so on. The changes in the international situation, the continual deepening of reform and opening up, the rapid development of socialist planned commodity economy, and the long-term relative peaceful environment, in particular, have had very wide-ranging and a deep influence on the Army and have put many new demands on the political work among the troops. Only by constantly reforming political work and bringing forth new ideas, can the Army meet the needs of the new situation, always retain vitality and liveliness, and play the role it should. Historical experience has shown that all fine traditions are established under definite historical conditions and that they will continually develop under the changed conditions. In recent years, the reason why our Army's political work has been very lively and has produced good results, and why the fine traditions have been carried forward is that we have done a great deal of work in improving political work. It can be seen that only by continually improving political work and putting forward new ideas can the fine traditions of our Army's political work be inherited under the new historical conditions, can the might of political work be carried forward, and can political work be effectively strengthened.

Political work must be improved while strengthened and inherited while we are blazing new trails. Judging from the current actual situation of the troops, which matters have to be conscientiously handled?

First, it is necessary to strengthen our understanding of the spirit of the instructions of the Central Committee and Central Military Commission. In the political work in our Army, it is necessary to ensure the development direction of the Army's modernization. To provide the spiritual driving force for modernization, it is most important to change the instructions of the Central Committee and the Central Military Commission into the voluntary action of vast numbers of commanding officers. Judging from this significance, it is very important to conscientiously study and grasp the spirit of the instructions of the Central Committee and Central Military Commission at the right time, whether we strengthen or improve political work. Only when this matter has been properly handled, can we have a full understanding of the overall situation and the changes in the world, be clear about the tasks of struggle, be far-sighted, and deeply understand the absolute importance of political work on the plane of consciously strengthening the building of the entire Army, be sensitive and timely in discovering the important questions in political work that we have to pay close attention to, and correctly and effectively solve them.

Second, it is necessary to delve into the practical situation and have a full understanding of it. Whether political work will be strengthened or not depends on whether it will serve socialist modernization and the army's modernization. It is necessary to ensure the party's absolute leadership of the Army and the quality of the People's Army politically, ideologically, and organizationally, ensure the socialist spiritual civilization of the Army, ensure the solidarity among the troops and the unity between the troops and the government, and between the troops and the people, and ensure the improvement of the Army's combat effectiveness and the completion of various tasks. In order to put into practice the "two services" and "four guarantees," it is necessary to have a full understanding of the actual thoughts of cadres and warriors, and pay attention to resolving the various contradictions arising from the political building, ideological building, and organizational building of the troops. This demands us to inspire revolutionary enthusiasm, delve into the practical situation, and have the facts in hand. It is necessary to discover and resolve new contradictions at the right time in the process of thorough investigations and to properly complete various tasks with a strict scientific attitude so that political work can be improved continually amid improvements.

Third, it is necessary to vigorously strengthen the research of political work. The degree to which political work is to be strengthened and improved depends on the width and depth of political work research. In recent years, political organs at all levels in the Army and vast numbers of cadres have done a great deal of jobs in the research of political work and have scored great results. Now the problem is that some people do not stress practical results in the research and do not make sufficient experiments over and over again. Some people have separated research from practice with the result that some good research results cannot be promoted and used. To reverse this situation, we not only must further strengthen and reinforce research organizations, forming research contingents that integrate professional personnel and the broad masses of people but also should advocate that leading cadres will vigorously take the lead, personally work, creating a strong atmosphere in the Army of thoroughly studying problems so as to upgrade the political work in our Army.

#### **Editorial Lauds Weapon Management Regulations**

HK0406040190 Beijing JIEFANGJUN BAO in Chinese  
5 May 90 p 1

[Editorial: "Basic Regulations and Ordinances Concerning Management of Our Army's Weapons and Equipment"]

[Text] With the approval of the CPC Central Military Commission Chairman Jiang Zemin, "Regulations and Ordinances Concerning Management of Our Army's Weapons and Equipment" has been promulgated for

nationwide implementation. This will enable more scientific, institutionalized, and regular management of weapons and equipment.

Weapons and equipment are an important factor in an army's combat effectiveness. The management of weapons and equipment is a component part of military work and an important guarantee for improving the combat effectiveness of our troops. Should weapons and equipment fail in peacetime management, the opportunity to win a battle would be lost at a crucial moment through unacceptable conditions of equipment and telecommunications. For a long period to come we shall have to rely on existing equipment in case of war to overcome some powerful enemy with inferior weapons and equipment. This especially involves giving full play to the due efficiency and functions of existing weapons and equipment as an entity through scientific management. Moreover, with the unceasing development of modern weapons and equipment, and increasingly high management requirements, it is imperative to apply scientific, standardized, authoritative, and stable regulations and ordinances to management. Otherwise, it will be impossible to give full play to the due efficiency and results of weapons and equipment as a whole.

In the history of development of the People's Liberation Army [PLA], regulations on management of weapons and equipment have been formulated on several occasions and have played an important role. However, because of the restrictions of historical conditions, those regulations belonged to rather low levels, with insufficient authority. Some of the regulations were drawn up by various professional departments and lacked unanimity in essence. As a result, it was rather difficult to unify and standardize the management of weapons and equipment armywide. In addition, some units were weak in legal concept and failed to abide by the law and regulations; consequently, problems existed in various degrees in the management of weapons and equipment. In view of this, the Central Military Commission organized the formulation and promulgation of the "Regulations and Ordinances Concerning Management of Weapons and Equipment" after ample investigation, research, and scientific demonstrations linked to the new conditions and characteristics. This will have a positive and far-reaching effect on the Army's regular management of weapons and equipment. Cadres and soldiers armywide should: Earnestly study the regulations and ordinances; grasp their spiritual essence; become familiar with relevant contents; bear in mind the specific clauses and stipulations connected with their own, and their department's, specific functions and division of labor; and heighten their consciousness of strictly implementing the regulations and ordinances in question to keep weapons and equipment in the best conditions so that they may always be ready to perform all combat tasks. All troops must unify and standardize the management of weapons and equipment based on the "Regulations and Ordinances Concerning the Management of Weapons and Equipment" to sort out the Army's

internal relationships in the management of weapons and equipment. It is necessary to pay attention to linking the regulations and ordinances to the actual conditions of one's own unit, to rectify and improvement management of weapons and equipment, to firmly abolish "indigenous policies" and "indigenous regulations," and to halt such erroneous tendencies as taking advantage of the equipment of one's unit to pursue production management for one's own unit.

"Weapons and equipment are next to a soldier's own life." In wartime, our revolutionary forerunners would sacrifice their lives for the victory of the revolution; they seized weapons and equipment from the enemy's hands and cared for their weapons and equipment as they did their own eyes. We must inherit and bring forward such fine tradition and conduct education in caring for weapons and equipment, so that implementation of the "Regulations and Ordinances Concerning Management of Weapons and Equipment" may become the conscious actions and habit of every soldier.

Management of weapons and equipment is a constant task and the expression of soldiers' will to fight. They should never relax their vigilance for a moment and always keep the rifles in their hands in the best condition. So long as we are mentally and physically prepared for eventualities of whatever description, we are capable of successfully fulfilling all tasks assigned us by the Party and people.

## Economic & Agricultural

### State Council Economic Measures Show Results

OW0506082790 Beijing XINHUA in English  
0628 GMT 5 Jun 90

[Text] Beijing, June 5 (XINHUA)—The national economy has recovered steadily in the first five months this year, the "PEOPLE'S DAILY" reported today.

Ye Qing, director of the production committee of the State Council, said that with such rapid development, industrial production may soon return to a proper growth rate, the paper reported.

Ye said that after a year of rectifying the economic order, overheated demand has been brought under control, the excessive rate of industrial growth has fallen and the inflation rate has been effectively curbed.

In the first four months, the inflation rate has been reduced to four percent, compared to 27 percent in the same period of last year.

The industrial structure has been further rationalized. Output of electricity and coal increased seven percent in the first five months. Iron, steel and non-ferrous metals grew 10 percent, fertilizer and soda ash rose seven and 20 percent respectively.

Ye Qing said industrial production grew 1.5 percent in March, two percent in April, and three percent in May. If this momentum continues, industrial output value may increase six percent this year.

Ye noted that industrial production began to drop in the second half of 1989 with negative growth recorded in October.

Since February, the State Council has adopted a series of measures to boost the economy. The measures include increasing investment in basic industries, clearing chain debts, replenishing operating funds and adjusting the product mix.

### More on Improving Economy

OW0206212390 Beijing XINHUA in English  
1417 GMT 2 Jun 90

[Text] Beijing, June 2 (XINHUA)—China's economy is turning around this year with industrial production picking up, exports growing, a good summer harvest in sight and inflation dropping to its lowest level in the past five years.

Statistics provided today by the State Council's Production Committee show China has already reversed the industrial decline of early this year.

On a year-to-year level, production climbed 1.4 percent in March, two percent in April and three percent in May, which saw a rise of 1.8 percent in average daily output over the previous month.

After 20 months of economic readjustment, the production structure is improving with a steady growth in production of energy, raw materials and agricultural goods.

During the first five months, coal output grew by 6.7 percent to 414 million tons, electricity by 6.2 percent to 243.3 billion kwh [kilowatt hours], steel by 9.9 percent to 26.67 million tons, ten nonferrous metals by 10.2 percent, chemical fertilizer by 7.9 percent and pesticides by 15.6 percent.

Ye Qing, vice-minister of the State Planning Commission and director of the production committee, said the growth of energy and raw materials, the base for the development of the national economy, will play a large part in promoting production, improving people's livelihood, and maintaining stability and unity.

He noted that those industries which suffered decline are mainly household electrical appliances, machinery and building materials. The declining output of these products is the natural outcome of the economic readjustment program and a reflection of the austerity program aimed at cutting back investment in fixed assets.

People in industrial circles attribute the growth to measures by the all regions and departments to enhance the management and organization of industrial production;

readjust product mix; expand the production of marketable products, export products and seasonal products; while improving the marketing system.

Another factor contributing to the growth, they said, is that the government took a series of measures earlier this year to promote production. So more than 55 billion yuan in loans was issued between January and April to help large and medium-sized enterprises boost production and purchase materials needed to produce daily necessities and items for export.

Moreover, the government has lowered interest rates for savings deposits and loans and softened control over capital construction, technical renovation projects and institutional purchasing power.

An excellent summer harvest is expected as summer crops have grown well and sown acreage was increased by 530,000 hectares over last year.

The government has made great efforts to expand exports of light industrial goods, textiles and machinery this year. The first four months saw a rise of 14.62 percent in exports to 15.58 billion U.S. dollars. Foreign exchange reserves increased from 17 billion U.S. dollars early this year to 21.3 billion U.S. dollars at the end of March.

Inflation, one of the national economy's knotty problems, dropped to the lowest level in the past five years after 20 months of economic readjustment. The April price index was up 3.1 percent compared to the figure for a year ago.

The government is claiming a victory in the battle against inflation since food prices are relatively stable along with the prices of consumer goods on the whole over the past four months.

Economists said inflation was halted by a decrease in the issuance of bank notes. China issued 21 billion yuan in bank notes in 1989 compared to almost 70 billion yuan in 1988. The first four months of this year saw a net withdrawal of bank notes from circulation.

Economists predict price hikes can be kept within 10 percent or even as low as five percent in the first half of this year if the government does not institute massive price increase schemes in the present market situation.

Statistics from the State Statistical Bureau show that demand has been kept under control with a total investment of 30.3 billion yuan in capital construction during the first four months—the same level as the first quarter last year.

Although the national economy is improving, the returns for industrial enterprises have not yet improved owing to a sluggish market and low production growth rates. The first four months saw decreases in productivity, taxes and profits.

Industrialists are calling for further readjustment of the industrial structure, expanded production of saleable

products and improvements in the marketing system in a bid to maintain the steady growth of industrial production.

### Data Show Economic Situation Improves in Apr

HK0706010790 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 18 May 90 p 1

[Report: "Data Released by the State Statistical Bureau Show the Economic Situation in April Continues To Improve"]

[Text] Beijing, 17 May (RENMIN RIBAO OVERSEAS EDITION)—Statistical data released by the State Statistical Bureau today show that China's gross industrial output value for April totaled 164.6 billion yuan, an increase of 2 percent over the same month of last year if calculated in terms of comparable prices; the output of energy, steel products, nonferrous metals, caustic soda, soda ash, chemical fertilizer, and agricultural chemicals increased by a range between 4.2 and 21.2 percent; and the output of some light industrial and textile products has increased again.

According to statistics, from January to April, the value of investment in fixed assets by enterprises under the ownership by the whole people totaled 30.03 billion yuan, roughly equal to that for the same period of last year. Investments in capital construction projects relating to the coal industry; power industry; transport; postal and telecommunication service; cultural service, education, and public health; and science and technology, increased considerably. In the first four months, units under the ownership by the whole people started a total of 2,484 capital construction, equipment updating, or technological transformation projects, which means 678 projects more than that for the same period of last year.

Export trade has kept on increasing by a wide margin since the beginning of this year. Statistics by the customs office show that the export value for April reached \$4.8 billion, an increase of 21.9 percent over the same month of last year; and the import value for the same month totaled \$4.3 billion, a decrease of 25.8 percent.

In the first four months of this year, the savings deposits of urban residents increased by 73 billion yuan, that means an additional 32 billion yuan over the same period of last year. The total value of wages for staff and workers during the same period was 83.1 billion yuan, or an increase of 8.6 percent over the same period of last year.

In April, the domestic market was a little sluggish but basically stable, and commodity prices were relatively stable as well. The total volume of retail sales was 66.8 billion yuan, a decrease of 3.3 percent as compared with the same month last year, and the margin of decrease was narrower than the 4.9 percent recorded in March.

In April, the price index of living costs for 35 large- and medium-sized cities was up by 4.6 percent over the same month of last year. This was mainly due to the 14.1-percent increase in the prices of fresh vegetables and the

15-percent increase in various service charges. The increase in these and other items altogether contributed to an increase of 2.4 percentage points in the overall level of living costs. The rising trend of commodity prices was relatively stable.

### Top Priorities Are Stability, Price Control

HK0706110490 Beijing ZHONGGUO XINWEN SHE in English 0945 GMT 7 Jun 90

["Stability Top Priority, Says Prices Bureau Deputy Director"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, June 7 (CNS)—The main task this year for prices administration in China is to control strictly price levels and to safeguard stability. These remarks were made recently by the deputy director of the State Bureau of Prices, Ma Kai, on the occasion of his attending the Beijing Prices Administration working conference.

Meanwhile, he said, consideration should be given to certain aspects of national economic development, the appropriate readjustment of production structures, greater efforts in consolidating prices and the ongoing deepening of price restructuring.

The work of implementing price control will be carried out on four levels, Ma said. These are:

- Stability is of first importance, and since economic stability provides the essential environment for political stability, and prices stability is the main component of economic stability, it follows that prices administration is of the utmost importance.
- The principle of controls on the one hand and readjustment on the other should be continued. Stability does not mean no change at all, but prices need to be brought under control and kept on target, while at the same time readjusting certain prices appropriately so as to relieve immediate economic hardship and to promote further economic development.
- The control and readjustment of prices should be appropriate to the needs of the situation.
- Great efforts in straightening out price irregularities by simultaneously consolidating, putting in order and legislating should be stressed as one of the most important tasks to be faced this year.

### Key Links To Stabilizing Economy Stressed

HK0706143390 Beijing GUANGMING RIBAO in Chinese 12 May 90 p 3

[Article by reporter Liu Rongnag (0491 3310 3318): "It Is Necessary To Grasp the Key Links To Stabilize the Economy"]

[Text] To maintain social, political and economic stability is and will be a matter of prime importance in our country. However, to keep the economy stable and develop it with effective results is related to tasks and problems of various dimensions. The practice of socialist construction over a long period of time and the new

experience gained in the 11 years of reform and opening up have proved that we should keep a firm grip on three key aspects that link them together.

#### **Maintain Economic Growth at a Moderate Degree**

Generally speaking, keeping the economy stable does not mean that economic development is at a standstill. On the contrary, such economic stability should be and can only be kept amidst development. Maintaining economic stability also means that we should ensure a balanced and effective development of the national economy, walk out of the trap of a vicious cycle of economic instability—from speedy growth to economic readjustment and from speedy growth again and to readjustment again—and gradually walk onto the path of the virtuous cycle of economic stability characterized by a unity of speed and results and by the close coordination between speed and proportion. The crux of the issue is to decide on the economic growth rate in a scientific way and maintain appropriate economic development.

What does appropriate economic development mean? Viewed from its adaptability with the condition of the country and with national strength, we should keep the general scale of construction and the speed of macroeconomic development in balance with the present financial and material resources of the country. We should not reluctantly prop up a high target for investment and a high speed in economic development by "eating up the food stored for next year" and widening the gap between total demand and total supply. Only by so doing will we be able to cast away the hidden danger of bringing about periodical vibration to economic development. With regard to the results of social input and output, we should strive to maintain an economic growth in step with the increase of investment and the improvement of economic results or a tendency to gradually keep economic growth at pace with the increase of investment and the improvement of economic results. In this way, the increase of investment and economic growth can be based on reliable economic results and also sustained increase of investment and economic growth can be promoted and guaranteed by gradually increased economic results. Finally, there will be a virtuous cycle in which economic growth, the increase of investment and the improvement of economic results can promote and guarantee each other and keep all the three aspects stable. Experience has proved that if we strive for a high increase in investment and a high speed of economic development at the cost of poor economic results and low level of input and output, then sooner or later, the high speed will go down and a state of absolute instability in economic development will appear because of poor economic result and lack of investment sources.

#### **Keep the Market and the General Level of Commodity Prices Basically Stable**

Since the introduction of the reform, the socialist commodity economy in urban and rural areas has continuously developed and the planning system has been gradually restructured by consciously applying the law of

value. Under such circumstances, the market has more and more become an important pivot of production, distribution, exchange and consumption in the country and a key link of keeping the economy stable. Experience has proved that the serious overstripping of social total supply by total demand and the violent vibration of the market certainly bring an extremely dire threat to economic stability and effective development. This is amply proved by numerous facts over the past few years, especially the chaos which appeared in the capital goods market, the money market and the order of circulation due to the overheated economy, and the sluggish market which has appeared since last year. Therefore, we should organically integrate the planned economy with the market mechanism; establish a market system which exercises flexible but not rigid control, make the market flexible but not chaotic and encourage fine-quality products to defeat poor products; and create a market competition situation, because this can meet the internal requirements for keeping the economy comparatively stable and a very important factor of maintaining economic stability.

The importance of maintaining the general level of market prices basically stable to guarantee economic stability and effective economic growth is obvious to all. We now know the importance much more than before as we have been deeply impressed by the negative influences brought to social and economic stability and people's minds by the galloping inflation in recent years and the chaos in the circulation channel and prices which was caused mainly by the institution of the double-track system in the prices of capital goods. We do not think we have to talk too much about it.

#### **Maintain the Reform Orientation, Policies, and Measures Relatively Stable**

In line with actual conditions in our country, we should in time readjust and improve those production relations which do not suit the development of productive forces, and the superstructure which does not suit the economic base. This is the reform we talk about. Just as the comparative stability of production relations is the essential prerequisite for a steady development of the productive forces, a careless decision on reform plans and measures for their implementation, and endless changes which have to make due to the careless decision, no doubt, will bring to social and economic development harmful influences which are difficult to ascertain from where they come. Experience of socialist reform, both at home and abroad, have proved that this is a big taboo when we handle the relations between economic development and reform, and that on the contrary, a correct decision on reform plans and measures for their implementation is a key link in promoting and guaranteeing economic stability. For this reason, we should, after we conduct thoroughgoing investigation and study and provide scientific proofs, set reasonable, long-term and middle-term strategy and targets for reforms, work out in a scientific way stage-by-stage reform plans which can make each other dovetail and ensure the fulfillment of

the general target, and adopt relevant measures to carry out those plans. Only by so doing will we be able to achieve unity of thinking, coordinate our steps and proceed in an orderly way and step by step, thus creating necessary environments and conditions for a steady social and economic development.

At the same time, the macroeconomic policy, which is regarded as the concrete means of attaining reform targets and the strategic goal of economic development and as the state's intension of giving guidance, and especially the industrial policy, the financial policy, the monetary policy and the policy for income distribution and the investment policy which are closely related to regulation and control of the macro-economy and enlivening of the micro-economy, should be kept stable while these policies are formulated in a democratic and scientific way. Experiences over the past years demonstrate that frequent changes of policies not only exert psychological influences on cadres and the masses and make local authorities and enterprises at a loss what to do, and also lead the national economy as a whole into an unpredictable state of instability and produce a baffling "disease of fearing changes." In the modern society marked by the commodity economy and quick information, the positive and adverse effects caused by any change of policies are often very sensitive and direct, so we have to handle such an issue very carefully.

### **'Fine Tuning' Economy, Rectification Viewed**

HK0606154190 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 21, 21 May 90 p 1

["Letter From Beijing" by Bao Xin (7637 0207): "'Fine Tuning' Economic Improvement and Rectification"]

[Text] Dear Brother,

In your last letter, you asked me about the situation concerning the campaign aimed at improving the economic environment and rectifying the economic order, which is currently going on on the mainland. A couple of days ago, I met an old friend who is known to be a close observer of this ongoing campaign. I discussed this question with him. Now let me sum up what he said for your reference.

There is no denying that the ongoing campaign has already yielded gratifying results. Its success has also created material conditions and accumulated precious experiences for further enforcement of the principle of improvement and rectification in the future. Over the past year or so, the overheated economic development has gradually cooled down. The contradiction between total social demand and total social supply has also been alleviated to a considerable extent. The soaring inflation witnessed in previous years has also been gradually brought under control. It can be said that the economy is now developing steadily. Nevertheless, as far as the whole country is concerned, the economy has yet to extricate itself from an awkward predicament. China still has an irrational economic structure which has given rise

to poor economic results. In the meantime, new problems, such as market weakness, lack of funds, termination of enterprise operation, slow industrial growth, and so on have also arisen one after another.

In view of this situation, widely divergent views have emerged in theoretical circles. The first is: The campaign aimed at improving the economic environment and rectifying the economic order has exceeded its limits and has thus resulted in total social supply exceeding total social demand and also in market weakness. People holding this view advocate a wholesale relaxation of control over the money market with a view to stimulating consumption and invigorating the market.

The second view is: The campaign has been going on smoothly. Market weakness is exactly a negation of the high consumption and advance consumption witnessed in previous years and has proved that high consumption and advance consumption do not conform with reality in China. Now people's consumption has returned to normal. People holding this view call for a continued enforcement of the "double tightening" policy, namely, tightening control of finance and of credit and loans, with a view to safeguarding the achievements of the campaign.

The third view is: There is no denying the fact that the campaign has achieved marked results. Nevertheless, it has yet to attain all the desired targets. For instance, the industrial structure has yet to be further readjusted; economic results have yet to be increased; and prices have yet to be smoothed out. Moreover, last year's drastic readjustment of the relationship between total social demand and total social supply has given rise to a number of new contradictions. People holding this view advocate adopting a "fine tuning" method in adhering to the principle of improving the economic environment, rectifying the economic order, and deepening reform, which means relaxing control of the money market and lowering deposit interest rates to a certain extent and properly increasing loans with a view to maintaining production growth and encouraging enterprises to improve product quality under market pressure.

After in-depth and exhaustive study and analysis, the CPC Central Committee and the State Council gave their preference for the third view and stressed that when analyzing the economic situation and formulating economic policies, one should not deny the need for furthering the campaign aimed at improving the economic environment, rectifying the economic order, and deepening reform simply because of the emergence of a number of new contradictions; on the other hand, one should not lay excessive stress on the practicality of austerity measures while making no attempt to resolve new contradictions and new problems. It was learned that the CPC Central Committee and the State Council have already decided to "fine tune" the campaign by properly relaxing control over the money market, lowering deposit interest rates to a certain extent, and increasing loans. As a matter of fact, such "fine tuning"

has long been effected and will continue in light of actual conditions while giving consideration to various factors with a view to bringing about a sustained, steady, and coordinated development of the national economy. This is just like a doctor's prescription. The patient has to try the medicine first to test its effect. If it is not strong enough, the doctor will add more to his prescription. On the other hand, if the medicine proves too strong for the patient, the doctor will give less. Such a "fine tuning" method will help to cure the patient and restore him to good health.

In order to successfully implement to the letter, the principle of improving the economic environment, rectifying the economic order, and deepening reform and push ahead with the development of the national economy, it is necessary to study the question of integrating planned economy with market regulation. This integration is the general trend of thought and the general orientation of China's economic structural reform. A current important task is to study specific ways and means aimed at effecting such integration and making it work. To this end, a whole set of measures should be formulated. Since it is an integration between planned economy and market regulation, one should not take it for granted that the more market regulation, the deeper the reform. Nor should one think that the more planned economy, the more socialist it is. In the future, energies should mainly be directed at studying specific ways and means aimed at scientifically and properly integrating planned economy with market regulation.

The progress of the campaign aimed at improving the economic environment, rectifying the economic order, and deepening reform and the development of China's national economy show that China has scored achievements, still has difficulties, but has measures and hope, too. Regarding measures and hope, on the one hand, China is facing some serious and formidable difficulties at present. However, such difficulties are, after all, those which have emerged in the course of China's development. Therefore, they can no doubt be overcome. On the other hand, China still has material and spiritual conditions for overcoming such difficulties. In particular, China has summed up its 40-year experiences and lessons and reached this precious conclusion: "Not to be overanxious for quick results in carrying out economic construction, reform, and the campaign aimed at improving the economic environment and rectifying the economic order."

China is still striving to attain its second strategic target: To have its gross national product quadrupled and enable its people to be comparatively well-off by the end of this century. This is a great and arduous task. This year is the first year of the 1990's and also a year in which the campaign aimed at improving the economic environment, rectifying the economic order, and deepening reform will enter a crucial stage. As the saying goes: "Green mountains cannot prevent rivers from flowing eastward." I am fully confident that China's

campaign aimed at improving the economic environment, rectifying the economic order, and deepening reform will certainly proceed smoothly, tide over one difficulty after another, and win the final victory.

Bao Xin  
13 May

### Higher Level of Economic Opening Up Expected

HK0606112490 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0541 GMT 6 Jun 90

[Report: "JINGJI RIBAO Signed Article Says, China Will Open Up to Outside World at Higher Level in Coming Decade"]

[Text] Beijing, 6 Jun (ZHONGGUO XINWEN SHE)—Today, JINGJI RIBAO carried a signed article, saying that according to the current development tendency, a new round of opening up may be unfolded at a higher level in the next 10 years.

The article said: In the last 10 years, China's opening up was focused in Shenzhen and some other cities, which brought along opening of the entire coastal areas in the south and promoting the whole country's opening up. However, after the 1990's began, some people were puzzled what would be the focus of China's opening in the 1990's and what would be the general pattern of opening up? Now, the situation has showed the clue to this question.

Premier Li Peng said that the development and opening of Pudong would be a major step for China's in-depth reform and the expansion of opening and would be of strategic significance. Recently, when meeting with foreign guests, Vice Premier Yao Yilin also said that the significance of Pudong's development was not limited to Shanghai, Jiangsu, Zhejiang, and the Chang Jiang Delta, because it would promote economic development in the whole Chang Jiang valley. In the first 10 years of reform and opening up, the policy was biased for Guangdong and Fujian. In the coming 10 years, the state will give priority to the development and opening of Pudong. He said that the opening of the Chang Jiang valley would be the larger scale of opening.

So it can be said that the development of Pudong will mark the new start of China's opening on a larger scale, and will represent the focus of opening in the 1990's. Pudong's development will not only promote development in the Chang Jiang valley, but will also bring about a new upsurge of opening.

Although Shanghai's opening and development were later than those of Guangdong and Fujian, the ambitious Pudong development program and the external conditions show that Shanghai is very likely to surpass the old-timers, and a new pattern of opening on a larger scale will be unfolded.

The article said: A few years ago, many people did not dare to imagine that China also exports capital when attracting foreign investment, also exports technology when introducing foreign technology, run enterprises in overseas areas when promoting the running of joint ventures with foreign investors at home, and sell domestic enterprises and equipment while purchasing foreign equipment and enterprises. However, according to the data provided by the department concerned, in recent years, some departments and enterprises in China made overseas investment totaling over 1 billion yuan, and ran more than 600 joint ventures and enterprises solely owned by the Chinese investors in more than 80 countries of the five continents. These enterprises were engaged in industry, agriculture, technological development, trade, resources development, and consulting services. More and more Chinese entrepreneurs have found that making investment and running factories in foreign countries and conducting transnational production and business will not only win more opportunities, achieve better results, and broadening the room for development, but will also constitute an effective form of making use of foreign capital. In a certain sense, the results may be better and more obvious than attracting foreign investment to China.

According to another report, while China is running special economic zones at home, it also plans to build its first overseas special economic zone in Tamatave—the largest port city in Madagascar. Recently, China's Far East Group formally signed an agreement on building this special zone with the government of Madagascar.

In addition, not only will foreigners come to China to lease land for development, but Chinese people will also lease land in foreign countries for development. Reportedly, the Helie Fishing-Industrial-Trading Company in Wuxi City has rented 40 hectares of land on the bank of the Murray River in Australia for running Tai Hu Farm.

It is obvious that China will quicken the pace of opening up and will diversify and upgrade the forms of opening up. The development of opening up from its initial forms to more advanced forms not only refers to the developmental tendency of opening up, but has come into being through a great deal of explorations and the making of a good start. So we should say that this tendency will be the new development orientation of China's opening up to the outside world in the 1990's.

#### **Commentator on Causes of Sluggish Retail Market**

HK0706033590 Beijing JINGJI RIBAO in Chinese  
15 May 90 p 1

[Commentator's article: "Discussing the Question of Sluggish Market"]

[Text] The slack condition of the domestic consumer goods retail market has lasted for more than 10 months since it appeared in June last year.

In this period, the total volume of retail sales in the four consecutive months from August to November 1989 recorded a negative growth rate, and aroused close attention from people in domestic economic circles. From December last year to early February this year, the market sales increased somewhat because there were two major festivals, New Year and Spring Festival, and some comrades expressed optimism for the market tendency. However, beginning in mid-February, the domestic markets once again recorded a decline in sales, and many commodities were stockpiled and did not sell. According to statistics at the end of March, the volumes of retail sales in 19 of the 29 provinces, autonomous regions, and municipalities decreased as compared with the same period of last year. When people felt puzzled about the rapid and elusive changes and fluctuations in the market conditions, they began to consider this question: Why did the consumer goods market in our country become slack?

There are several different answers for this question, and some representative opinions are analyzed here:

First, it was said that the market slackness was caused by the tightening of money supply. Comrades who held this opinion mentioned a plain fact: When a factory is short of money, how can it organize production? When a commercial institution is short of money, how can it do business? According to common sense, market slackness is first caused by the weakening of the purchasing power in society. However, in reality, the existing purchasing power in our country at present is equivalent to or even more than the total volume of retail sales in the last 10 months in 1989. That is to say, the purchasing power in society is not weak but stronger than at any time before. Moreover, since the fourth quarter of last year, the banks have successively offered a total of tens of billions of yuan in special loans to industrial enterprises and commercial institutions in order to mitigate the market slackness. A large amount of funds for setting economic activities in motion has been supplied, but the slack and dull market still cannot become brisk. This shows that the tightening of money supply as a major measure in economic adjustment and rectification is not the main factor that affects the market.

Second, it was said that the market slackness was caused by the value-keeping savings accounts offered by the banks. These comrades said that the value-keeping savings accounts diverted the flow of the consumption funds away from the market and changed the consumer mentality from "keeping value through buying goods" in the previous years to "keeping value through savings." However, people's main purpose of earning money is to spend money and satisfy their needs. Even when they are more interested in "keeping value through buying goods," they still give more consideration to the use of the goods than "keeping the value of their money." This stable characteristic of commodity consumption determines that it cannot be completely replaced by savings. In particular, in the last few months, commodity prices in our country were kept stable, and the subsidizing rate for the value-keeping savings account was obviously lowered. In mid-April, the

banks appropriately lowered the interest rates for various deposit accounts. All this should have played a role in stimulating commodity consumption. However, the market slackness was still not changed markedly. This shows that although value-keeping savings accounts attracted a certain amount of funds, it is still not the fundamental cause of the market slackness.

Third, it was said that market slackness was a normal phenomenon. Comrades who held this opinion pointed out that the market in our country is also governed by regular periodic fluctuations, and the present market is situated in a "valley" between the "peak" in August 1988 and the other "peak" in August 1992, so the current market slackness is a normal phenomenon when the market is situated in the "valley." This opinion is also open to question. Regularity certainly exists in market changes, but the most significant law that governs market changes is that consumption is determined by production but at the same time also affects and determines production. For example, the "purchase sprees" in 1988 did not indicate that demand was rising to an extreme degree; similarly, the present slackness does not indicate that demand is declining to an extreme degree. Both cases are in fact distortions of the normal consumption demand. Both the "market peak" in 1988 and the "market valley" at present are the results of such demand distortions rather than the cause of the distortions.

Fourth, it was said that the market slackness was a kind of "delayed effect" of the "purchase sprees" in 1988, because people made consumption ahead of time in the panic purchases and used up the money they should be spending at present. This explanation is not accurate either. Indeed, the "purchase sprees" in 1988 had a strong and extensive impact on the market, and they occurred because there was serious inflation and people were seized with a panic. At that time, the huge purchasing power dashed against the shortage-ridden market. However, the huge purchasing power still exists at present, and the price level is kept stable now. No matter how the "effect" of the panic purchases is "delayed," it is still hard to explain the present market slackness.

Admittedly, the above-mentioned opinions all have certain grounds, and in a certain sense explain the cause of the market slackness. However, none of them can convincingly reveal the fundamental reason why the market in our country has continued to be slack for more than 10 consecutive months.

Then, why did the domestic market become slack?

We may first observe life in our surroundings and then we will find: What has been most frequently criticized and most strongly complained about by consumers is the fact that there is not a rich variety of popular and satisfactory commodities on the markets, although the quantity of supply has increased; and it is still hard to buy the commodities that people really want to buy although the prices are stable. This is what the people really feel.

In this sense, we can say that the present market slackness is a kind of "structural slackness." It is caused by the price distortion lasting for a long time in our country and by the lopsided product structure which is not suited to demand in society. Therefore, after the purchasing power is further raised, the market supply relatively increases, and the consumers have a greater market selection right, then our existing product structure will eventually encounter the boycott of social demand. The market now raises the demand on us, in the form of "slackness," to adjust the product structure.

In the same sense, we can say that in order to change the slack market condition, we need to instill more funds into the market, need to conduct more effective marketing promotion, need to improve the service quality...we need to do many things, but most importantly and fundamentally, the step of decisive significance that should be taken is to adjust the product structure.

In the same sense, we can say that the current market slackness not only exerts pressure on our country's enterprises but also gives an impetus to their development. So it is not only a difficulty but also an opportunity. The market slackness will force many enterprises to fight with their back to the wall. In order to free themselves from their predicament, they must increase their adaptability to the market, and this is the only effective way. So they must quicken the pace of adjusting their product structure, increase the production of new models of goods with good quality, manifold functions, and reasonable costs. The industrial and commercial enterprises must improve their services before, during, and after the sale of the products, and solve this issue that they did not properly solve for many years. This is the only way to free us from the difficult market condition.

#### Forum Discusses Integrating Planning, Market

HK0606023590 Beijing JINGJI RIBAO in Chinese  
9 May 90 p 1

[Report by staff reporter Chen Qigan (7115 0796 3227) and staff trainee Yu Jingjin (0151 0079 3160): "Some Experts and Scholars Hold Forum on How To Integrate Planned Economy With Market Regulation"]

[Text] Minister of Commerce Hu Ping recently attended a forum with scholars and experts from economic circles and people from commercial enterprises, on the problem of how to attain integration of a planned economy and market regulation in circulation.

They all thought that the integration of a planned economy and market regulation is the core problem in economic system reform.

#### The Purpose of "Integration"

The scholars pointed out that the purpose of our country's reform of economic system is to build a planned commodity economy on the basis of a public ownership system. Summarizing the experiences and lessons

learned during the past several decades, we find two tendencies. First, the "plan is omnipotent" and, under its guidance, economic activities of enterprises were subject to unitary planned management characterized by a high degree of centralization, while the role of the market was neglected and excluded. This was an occurrence during the 30-year period of a planned economy; second, the "market is omnipotent," a tendency in which market regulation was characterized by various unrealistic illusions as if, when prices were opened, there would be a market and a rational arrangement of resources would be attained. The "open effect," which appeared in individual localities and for individual commodities, was taken as a general phenomenon. This was a new problem which occurred during the past 10 years.

Everyone thought that in socialized large-scale production, the integration of planned economy and market regulation should be organic as well as internal and that the difficulty in integrating the two rests on proper manipulation of the "degree." Planned economy is mainly for solving the problem of regulating and controlling the macroeconomic structure, while market regulation is mainly embodied in the aspect of enterprise behavior at the microlevel. To develop socialist planned commodity economy, we need macrolevel guidance and regulation by the state plan on the one hand and market regulation on the other. Only when we coordinate the "visible hand" with the "invisible hand," can we satisfy the government, enterprises, and the masses.

#### **Support and Develop Market System**

The scholars thought that to properly integrate planned economy with market regulation in commodity circulation it is necessary to support and develop the market system, enhance the formation of a centralized market, eliminate the price "double track system," and work hard to strike a balance between total social supply and demand. Under the condition that the state plan rationally regulates the total quantity at the macrolevel, commodity circulation can have higher efficiency when regulated by the market. Planned regulation plays its function in the following aspects: First, the government uses taxes and interest rates as economic levers to carry out regulation; second, the practice of planned control for certain departments which are characterized by a high degree of monopoly and have a great impact on the external society, such as the posts and telecommunications department and telephone department; third, for some commodities with acute conflict between supply and demand in the market and with long-term nature, we should practice direct planned management.

#### **It Is Necessary To Give Guidance Based on Categories**

The scholars thought that to attain integration of planned economy and market regulation, guidance must be given according to different categories. There should be more planning for the daily necessities, while the degree of integration of planned economy and market regulation for these daily necessities should vary

according to the situation regarding balance, shortage, and supply being bigger than demand. For goods which are not daily necessities, and for products and businesses with quick output after given input, there should be more market regulation.

#### **The Core Is To Invigorate Enterprises**

The majority of the scholars felt that the invigoration of enterprises is the central link in reform of the urban economic system, but if enterprises are to be invigorated, they must be given the freedom to use market regulation under the guidance of the state plan. Regulation by state plan must be built upon the basis of the law of value. Practice proves: The moment the state plan disturbs the enterprises will be when the plan has a problem; the moment the state plan pleases the enterprises is when the plan is successful.

#### **Properly Solve the Problem of Market Recession**

Many of the participating scholars pointed out: To integrate planned economy with market regulation, the integrating point rests on the law of value and on the relations between supply and demand. At present, the slide in production and market recession are mainly caused by excess retrenchment and inadequate consumption. From 1984 to 1988, total demand surpassed total supply by about 500 billion yuan, causing inflation and raised prices; from the latter half of 1988 to 1989—the adjustment period—the reduced demand was also roughly equal to 500 billion yuan and, because of this excess retrenchment, production and the market could not be sustained. To tackle the market recession it is necessary to explore the market and invigorate circulation and, so long as consumption growth does not surpass production growth and the growth of purchasing power, it will not cause harm such as inflation. When the "Eighth Five-Year Plan" is formulated, it should run from top to bottom and permit annual planning from bottom to top, to attain balance at various levels and to strengthen the comprehensive balance by the central authorities. The duties of various departments should shift to planned service, to increase vitality for the enterprises down below. We should also break regional blockades and establish and develop regional economies under a centralized market.

#### **Circular Urges Protection of Town Enterprises**

*HK0706140390 Beijing RENMIN RIBAO in Chinese  
23 May 90 p 2*

[Report by Li Yintang (2621 6892 1016): "Agriculture Ministry Issues Circular Urging Protection of Ownership of Township and Town Enterprises"]

[Text] The phenomena of randomly and indiscriminately transferring the properties of township and town enterprises, and changing the ownership nature of township and town enterprises and their subordinate relations, have aroused the government's attention. The Ministry of Agriculture has issued a circular demanding

resolute checking and correcting of this behavior, and earnest protection of ownership and business rights of township and town enterprises.

In recent years, some departments grasped the chance arising from the temporary difficulty met by township and town enterprises in their course of development—and used rectification, improvement, and business management as pretexts—to indiscriminately transfer resources of township and town enterprises, and change their ownership nature and subordinate relations. The circular pointed out: This not only has infringed upon the legitimate rights of peasants, but also hurt the eagerness of the great masses of cadres and staff working in township and town enterprises, and at the same time, violated the state's law, regulations and policy on protecting ownership of property of township and town enterprises. In particular, this behavior also jeopardizes the flesh-and-blood relations between the party and the state on the one hand and the great masses of peasants on the other, disrupting the stability and continuity of the state's and party's rural policy. This behavior must be stopped and corrected.

The circular pointed out that township and town enterprises are enterprises established and run by peasants. They include township (town) and village collective enterprises, enterprises jointly run by households (including cooperative enterprises run by shareholding peasants), and enterprises run by households (including private enterprises). The ownership of properties of enterprises belongs to the peasants who established the enterprises. This has been stated clearly by the law, policy, and regulations formulated by the party and the state. For the departments and individuals changing without proper authorization the ownership nature and subordinate relations of township and town enterprises, administrative responsibility must be looked into according to law. No units and individuals should assign apportionment to township and town enterprises, fine them or collect fees from them randomly except doing so in a manner stipulated by the state's law, regulations, and policy. Township and town enterprises have the right to resist unlawful apportionment and charges, and to report and reveal to the management department at the next higher level, or to the auditing, administration supervising and judicial organs.

The forum was held by ZHONGGUO SHANGBAO.

### Commentator Urges Deepening Enterprise Reform

HK0606122690 Beijing RENMIN RIBAO in Chinese  
20 May 90 p 1

[Commentator's article: "Implement Effective Measures To Deepen Enterprise Reform"]

[Text] How can enterprises make more contributions to the sustained, stable and coordinated development of the national economy during the process of economic improvement and rectification? At the Third Session of the Seventh National People's Congress [NPC] and the

Third Session of the Chinese People's Consultative Conference, deputies and members put forward many good suggestions and ideas:

"To boost the national economy it is necessary to upgrade enterprises."

"Sticking to the enterprise contracted responsibility system and improving it is an effective measure to increase economic returns."

"Improve the contracted responsibility system and readjust industrial structure simultaneously, make production factors circulate rationally, and readjust economic structure, product mix and industrial structure...."

"Develop business conglomerates, merge enterprises, and improve the organizational structures of enterprises...."

"Strengthen ideological and political work, straighten out interpersonal relations within an enterprise, and bring into play the initiative of vast numbers of staff and workers."

These ideas reflect people's general concern for enterprises and exactly illustrate this: At present, the most important thing in the deepening of reform is to deepen enterprise reform.

When one looks back to the past 11 years, he will find that reform has added great vitality to our enterprises and that our country has gained various important experiences. For enterprise reform, many discussions have been made, various ideas advanced, and many measures taken. This is very favorable to broadening the train of thought for enterprise reform. However, this is confusing, and opinions vary. Some people fix their eyes on "new spirits" and try to catch up with the trend with the result that they lack the pragmatic enthusiasm of really implementing the measures. Others are inattentive with the result that the reform measures that have been put into practice are not able to be generally "fruitful" in various localities.

Experience in the past shows that remarkable results in enterprise reform does not depend on how many reform measures are to be taken at one time or new methods are frequently changed, but on the fact that we implement correct measures to the end. By deepening enterprise reform we mean that we will conscientiously implement the measures that have been proven to be effective through practice. In this way, it is necessary to staunchly continue with the contract-based enterprise management responsibility system, the factory director (manager) responsibility system, the principle of distribution according to work, reform in the enterprise distribution system, the horizontal union of enterprises and the establishment of business conglomerates, and the improvement of production factors through merging enterprises, and so on. These must also be improved during the process of implementing the measures. The government work report given by Premier Li Peng at the Third Session of the Seventh NPC points out that to deepen reform it is necessary to stick to, improve, and

develop the contract-based enterprise management responsibility system, sum up experience about it, give impetus to its advantages, and remove its disadvantages so that as it continues to be an incentive mechanism, and that the restricting mechanism can be strengthened, properly straightening out the relations between the state, enterprises, and staff and workers, and the long-term and the current interests, and overcome short-term behavior. It is necessary to rationally fix different contract periods and bases according to the situations of different localities, different trades and enterprises, and rationally fix the periods of contraction and base, and improve the contents of examinations for contracts and internal distribution methods, and ensure the completeness and increases of national assets. It is necessary to run the trial points of "interest and tax division, reimbursement of loans after taxation, and contraction after taxation, and so on. Relevant departments and all enterprises should implement the measures according to their own actual situations, and should blaze new trails when sticking to them. The reform in the contract-based enterprise management responsibility system can be said to have been deepened.

The practice of the "Enterprise Law" is something significant and we must seriously act according to the "Enterprise Law" when deepening reform. Now, we should pay attention to sticking to and perfecting the factory director (manager) responsibility system. At the same time, we should bring into play the leading role of enterprise party organizations with respect to political thought, the democratic supervisory role of enterprise workers' representatives meetings and trade unions, and the initiative and creativity of vast numbers of staff and workers.

It is necessary to create good external conditions for the deepening of reform. This demands our vigorously improving and strengthening macro-regulatory structures and systems. Relevant departments should improve and perfect management structures for planning, circulation, accounts, taxes, finance, and so on. They should further strengthen the development of auditing, statistics, commodity prices, industrial and business management, and economic information so that its macro-regulatory role can be brought into play.

It should be acknowledged that enterprises are still confronted with a lot of difficulties. The most effective way to resolve these difficulties is to deepen enterprise reform. In this respect, there are many things party organizations and government departments at all levels and every enterprise will have to do. We are very convinced that only when we stick to the deepening of reform, vast numbers of enterprises will "see the new ray of hope."

#### **Better Implementation of Employment Policy Urged**

HK0806051090 Beijing RENMIN RIBAO in Chinese  
19 May 90 p 2

["Dispatch" by reporters Jiang Shaogao (3068 4801 7559) and Liu Li Tian (0491 7787 1131): "Labor Ministry Holds Telephone Meeting Urging Labor Departments at Various Levels To Actively Carry Out Policies and Measures on Labor Employment"]

[Text] Beijing, 18 May (RENMIN RIBAO)—Recently, the State Council issued a circular calling for a still better job to be done in labor employment in the new situation. Today, the Ministry of Labor held a telephone meeting urging labor departments at various levels to take active action and carry out labor employment work in a down-to-earth manner; and to implement all policy measures and work tasks down to every specific unit.

Our country is facing a grim labor employment situation. Since the beginning of last year, it has begun to enter a new job seeking peak, and the contradiction between the supply and demand for labor has been very pronounced. Thanks to the efforts exerted by governments and labor departments at all levels, the task of finding people a job has been completed rather satisfactorily, and the job seeking rate was kept below three percent. Despite this, the employment situation has not yet eased up and the number of people needing employment amounts to 1.1 million. This, plus the problem of enterprise production suspension, has added pressure on the employment sector.

The State Council's circular is of very great significance in ensuring that we will pull through the job seeking peak period smoothly and steadily. All localities should make specific efforts to do the work in the following three ways in accordance with the direction set by the circular: 1) It is necessary to explore new job opportunities, open up more channels for employment, and expand society's capability to provide employment to a maximum; 2) it is necessary to control the mechanical growth of the labor force in cities and towns, and control the growth of labor resources in cities and towns to a minimum; and 3) it is necessary to offer labor employment services in a comprehensive way, and stimulate employment and reduce unstable factors in society as far as possible.

The meeting urged labor departments at various levels to actively and willingly report their work to the government, take specific measures in the light of actual conditions to implement the State Council's circular, and strive to be good advisers and helpers to the government; to work out specific support policies commensurate with local actual conditions in accordance with the State Council's policies and in active consultation with the departments concerned and implement them effectively; to strengthen the building of employment service organizations and further improve labor employment organizations; and to promptly sum up and spread the experiences in implementing the State Council's circular and also promptly study the new developments and new problems cropping up in the course of implementing the circular.

Yan Ying, deputy secretary general of the State Council, attended the telephone meeting and Labor Minister Ruan Chongwu made a speech.

### Commentator Urges Employment

HK0806051690 Beijing RENMIN RIBAO in Chinese  
19 May 90 p 2

[Commentator's article: "Do a Still Better Job of Labor Employment"]

[Text] Labor employment is a major social and economic issue. It has a direct bearing on the immediate interests of the people in the hundreds of millions, and plays an important role in safeguarding social stability and promoting a stable, sustained, and harmonious development of the national economy. Since the beginning of last year, people born during the baby boom period in the early 1970's have become of employable age, and our country has thus begun entering a new job seeking peak period. The labor force in cities and towns has expanded by a wide margin; the problem of labor supply exceeding demand has been quite pronounced; and the employment situation has been fairly grim. This being the case, we must take effective measures and do a still better job of labor employment to ensure we will pull through the job seeking peak smoothly and steadily. There must be guarantees for social stability, the needs of improving the economic environment and rectifying the economic order, and for deepening reforms smoothly.

The party and the government have always attached importance to labor employment, especially during the job seeking peak at the end of the 1970's. They formulated and implemented a series of basic principles and policy measures aimed at promoting employment: thus making a great success of the work and solving the problem of employment in cities and towns—a problem which has long been accumulating. Most of the labor force formed in the last 10 years has been utilized. Recently, in view of new developments and new problems cropping up in the employment sector, the State Council has promptly issued "A Circular on Doing a Good Job of Labor Employment" and clearly defined the guidance, objectives, principles, and policies concerning the work. The circular urged that we strive "to strengthen leadership and mobilize forces in all quarters of society to make concerted efforts to ensure labor employment work success."

To do a good job of labor employment in the new situation, first of all, we should use as a base developed production and a booming economy. Only when the national economy develops in a stable, sustained, and harmonious way can a sound environment and conditions for more employment be created, and can more job positions and opportunities be provided. This is the essential way out for solving the problem of employment in our country. Ten years of practice have proved that the employment principle of combining employment introduced by labor departments, voluntarily organized employment, and self-seeking employment, is a correct principle based on developed production and an invigorated economy; and aimed at solving the problem of employment in the cities and towns of our country. It must continue to be adhered to. In the face of the present

sharp contradiction of labor supply exceeding demand, it is imperative to explore more job opportunities, open up more channels for employment, and alleviate the contradiction by promoting and expanding production. Particular attention should be paid to bringing into full play the role of the collective economy, the private economy, and the individual economy in providing employment to job seekers. While readjusting the economic structure and implementing the industrial policy, continued efforts should be made to develop tertiary industry, labor-intensive industries, and social service businesses, which are needed by society and require less investment but promise quick results, so as to meet the growing needs of social production and people's daily life, and open up more avenues for employment. Labor service companies are economic organizations under the system of ownership by the collectives aimed mainly at helping job seekers get employment, which run themselves by engaging in production. They are an important channel for employment in cities and towns. Therefore, it is necessary to further consolidate and develop them so that they can play a greater role. To overcome difficulties in employment work, it is necessary to pursue a supporting policy and take effective measures in the light of actual conditions. The previous policies effective in helping more people gain employment should continuously be implemented, further improved, and augmented in the light of changed conditions.

During the job seeking peak period, to stabilize the employment situation and reduce the unstable elements resulting from the increased number of job seekers, great stress should be placed on strengthening the overall management of the labor force in urban and rural areas; and the mechanical growth of the labor force in cities and towns should be put under control as far as possible. This is of vital importance. On the one hand, we should do our best to make proper arrangements for the placement of superfluous enterprise personnel and people waiting for job assignments due to production suspension by taking such measures as tapping enterprises' potentials, opening up more avenues for production and services, each making the other's deficiency from his own surplus, and providing a basic guarantee for daily life and restrain from driving them to society for solutions. On the other hand, we should correctly smooth out the channels of employment and rationally control the movement of the rural labor force. We should teach superfluous rural workers to "leave the land but not the village" while ensuring that agriculture retains a sufficient number of good quality laborers. Further, we must develop forestry, animal husbandry, and fishery in line with local conditions, run township and town enterprises well along the correct direction charted by the state's industrial policy, develop service trade, and do a good job in rural capital construction. This will enable us to absorb any superfluous labor force in the rural areas, prevent rural workers from entering cities in large numbers to seek jobs, and further lighten the pressure of employment on cities and towns.

In the course of helping job seekers obtain employment, it is very important to offer comprehensive services in employment. Great efforts should be made to strengthen vocational training, expand the scope of such training, improve the quality of laborers so that they can meet the needs of society in various fields and master skills needed for jobs. It is necessary to strengthen management of job seekers and give more support to those who organize themselves to get employed or who seek jobs themselves. As far as people awaiting employment who live in strained circumstances and the handicapped people who have ability to work are concerned, we should help them get employed as far as possible. It is necessary to bring labor market mechanisms into full play, use various forms to promote the circulation and exchange of information on labor supply and demand, run more service organizations, such as employment agencies to offer more job assignments, and provide guidance and consultant services in employment. The unemployment insurance system should be further improved and prompt relief should be provided to the employees who are waiting and qualified for job assignments.

The labor employment work, which is closely related to policy and involves a wide range of endeavors, is a very arduous task. Therefore, it is necessary to create conditions socially and economically, mobilize the forces of various quarters in society, and win the understanding and support of all members of the community. People's government at various levels should fully understand the great significance of doing a good job of the present employment work and strengthen leadership over it. Departments concerned should actively coordinate and closely cooperate with one another in doing the work in an earnest and careful way. The vast number of workers on the labor and educational front and trade unions, youth federations, and women federations at all levels should, within their power, render support and help to the labor employment work. Young people should be helped to embrace a correct idea of choosing an occupation. When it comes to young job seekers, the parents should support their children in seeking jobs themselves or taking up tough jobs.

We believe that so long as party organizations and governments at various levels follow the central principles and policies and strengthen leadership, and all sides concerned make concerted efforts to do the labor employment work, we will certainly be able to pull through the present job seeking peak smoothly and steadily; and make contributions to social stability and economic prosperity.

### **Two-Tiered Rural Management System Studied**

HK3105062590 Beijing RENMIN RIBAO in Chinese  
21 May 90 p 6

[Article by Chen Junsheng (7115 0193 3932): "A Study of the Questions Regarding the Two-Tier Rural Management System"]

[Text] Recently, I investigated the two-tier rural management system in Hubei and Hunan.

The two-tier management system refers to a combination of contracted operations by rural households and unified, socialized services under the output-related system of contracted responsibilities. At present, four issues involved in the two-tier management system need to be clarified.

### **Why We Stress the Importance of Establishing and Developing a Two-Tier Rural Management System**

The emergence of this two-tier management system, to put it in a nutshell, is not accidental. It is an objective requirement of the rural productive forces at the present stage of development in our country and a natural demand of the productive forces on the production relations.

First, to acknowledge contracted household operations as a tier is to affirm the achievements of agrarian reform over the past dozen years. That is to say, the household contract system should be stabilized, which is vital to rural stability.

What satisfies the broad masses of peasants most is the operation of the household output-related system of contracted responsibilities. What worries them most is the termination of this policy. This policy has given them the right to manage their own affairs in production and enabled them to reap their personal benefits. Therefore, they are in full support of this reform. According to a survey by Hubei Provincial Agricultural Commission, the provincial rural revenue in 1989 was 46.467 billion yuan, of which 30.851 yuan, 66 percent of the total, came from household operations, which also accounted for 89 percent of per-capita income of peasants throughout the province. This shows the important position of household operations in a rural economy and explains why they form the foundation of the two-tier management system.

Second, an additional tier means an additional source of enthusiasm. Unified socialized services such as services for the thousands upon thousands of households are another tier and another source of enthusiasm in the two-tier management system. Two sources are better than one, and peasants do urgently need unified services because they are starting to feel the many inconveniences in production and management by individual households. For instance: It is time- and energy-consuming, and often turns out to be in vain, for individual households to look for and purchase a means of agricultural production; peasants need technical guidance; there are many difficulties involved in selling their agricultural and sideline products on their own; organization and coordination are needed on matters such as distribution of water and electricity. In short, with the enthusiasm in household operations and the advantage of unified services after farmland is contracted out to households, the rural management system will not be too far from perfect.

When the contract system had just been launched, some people asked this question: "Now that land is in the hands of households, what are cadres for?" This is a lopsided view. The actual situation shows that "land in hand, and peasants need services." Since peasants need socialized services and this tier of management is not possible without cadres organizing it, the cadre-mass relationship can be improved, which will contribute to the organizational development at the grass-roots level. The more developed the production is, the more necessary the unified, socialized services are. Facts have shown that contracted household operations still have much initiative and a high potential. Developing socialized services is essential for the full play of such initiative and potential. The unified, socialized services and contracted household operations, once combined, will become a unique rural management system with Chinese characteristics. This is an important aspect of deepening rural reform.

Third, the two-tier management system is not a repetition of the old system, molding a number of households into a unit of production and management. It is also different from the moderate-scale management now in practice in some places which also needs a service system to go along with it. In all countries, from those chiefly engaged in small production (like Japan) to those mainly dependent on large scale operations (like the United States with its family farms), the management tier of unified services is never absent. Therefore, no one can say that unified services are unnecessary for scale operations.

In some places, unified, socialized services is only mentioned as "unified." But there is a special meaning to this word: This "unified" something is aimed at providing services for peasants, rather than making demands on them. The vegetable associations and watermelon associations in some villages, for example, give free services to peasants. Bettering such services brings more support to peasants and facilitates production development to a greater extent.

#### **How To Perfect the Tier of Contracted Household Operations**

Following are current problems involved in contracted household operations:

1. Some peasants have a poor understanding of the relations concerning land title. After land is contracted out to households, the peasants, on the one hand, feel that the land is theirs and make free with it, e.g., recklessly building private dwellings on it. On the other hand, they feel the land is not theirs after all and go in for short-sighted operations, without, for example, caring about investment in the land, thus causing soil fertility to drop with each passing year.

2. Production tends to be monocultural with a narrow scope. Growing and raising are the invariable chief interests. In Hubei Province, 60 percent of peasants' income comes from growing and raising, which accounted for 99 percent of the increase in the per-capita peasant income in 1989. In some poverty-stricken mountainous areas in Hunan Province, arable land is

scarce whereas the peasants depend solely on land and give little thought to other occupations.

3. Manual operation still prevails, and the level of mechanization is low. Of all the cultivated land under household operations in Hubei, only 15 percent is plowed by machinery, the rest by hand operated tools.

4. In applying and popularizing science and technology for agricultural purposes, there are wide gaps in standards. Income is not balanced and differences keep widening. In both provinces, I saw this scene: One village was actively popularizing hybrid paddy rice or plastic sheeting-protected maize while its neighboring village was still using the old farming methods with no trace of improvement at all. The result was a big difference in output.

5. Small production contradicts big markets. According to the statistics of Hubei, the commodization rates of the major agricultural products from households are: 35 percent for grain, 46 percent for oil-bearing crops, 89 percent for cotton, 46 percent for poultry and eggs, 60 percent for pork, 73 percent for flax, and 51 percent for aquatic products. Peasants spend 61 percent of their expenses for consumer goods on commodities. Commodity economy takes such a large proportion in peasants' household operations that it has forced peasants to step out of self-sufficient small production into the boundless ocean of commodity economy. But because of the knotty system, underdeveloped markets, and unreasonable prices, peasants often feel at a loss, or, in their own words, "choke with water" while learning to swim.

Therefore, in order to perfect the contract system of household operations, the following problems must be settled.

1. Work out a clearer legal definition of relations regarding land title. On the basis of investigation and study, formulate and promulgate regulations on management of land contracts in the shortest time possible. It must be made clear that land belongs to the collective and can never be privately owned. There should be unequivocal regulations on how to use and control land. For example, Jiangling County of Jingzhou Prefecture saw that a few households were operating in a predatory way—unwilling to put in long-term investment—and worked out a unified rule for fertility compensation, categorizing land in fertility and giving out awards for heightened fertility and penalties for decreased fertility. This has ensured an increase of the soil content of organic substance each year.

2. Gradually expand the scope and enrich the content of household operations. Peasants should be guided and encouraged to develop diversified economy. For instance, they may develop courtyard economy, making the best use of every inch and claiming profits from every square meter of the land in the courtyard. Chang Yunsheng [1603 0061 3932], a peasant of Liaojia Village, Bodu Township, Cili County, Dayong City, Hunan Province, planted 250 citrus trees around his house and enclosed the area under the trees to raise chicken. With

such a multi-dimensional courtyard economy. Chang makes more than 5,000 yuan each year.

3. Help households make better use of science and technology and depart from manual operations step by step, through unified, socialized services. In Yulong Village, Gaoping Township, Yongshun County, Hunan Province, 1,100 mu of plastic sheeting-protected maize has been grown; the multiple crop index reaches four per year; and the walking tractors of the village are employed to turn up and rake soil for households as a unified service.

4. Make it possible for household operations to enter a network of production, supply, and marketing in a production line, which is an effective solution to the contradiction between small production and big markets. The production of livestock and poultry in Nanping Town, Gonggan County, Hubei Province, is characterized by such a system which embraces a dozen enterprises engaged respectively in seedling nursery, feed supply, epidemic prevention for livestock and poultry, treated eggs, pressed salted ducks, down washing, down processing, butchering and carving, refrigeration, marketing, and so on. The network of these enterprises provides 12,300 peasant households with breeding stock, epidemic prevention, material supply, and marketing services for raising livestock and poultry. They purchase the chickens, ducks, geese, and pigs that peasants have raised and process them through all stages. In some large and medium-sized cities, 16 fixed sales centers have been established, of which five are placed abroad. Last year, this "streamline" sold 6 million eggs, 40,000 pressed salted ducks, 600,000 young poultry, 70 tonnes of processed eiderdown, 130,000 down garments, 25 tonnes of cystine, and 600 tonnes of butchered meat. The total output value was 35 million yuan. They earned 22 million yuan and \$6 million by selling their products. Household operations are therefore elevated to a new plane of development with the integration of small production and big markets when thousands upon thousands of households undertake the production and broad markets receive the products at the other end.

5. Further perfect the contract system. In rural areas, some contracts, only stating the obligations of the signatory peasants without reference to those of the state or the collective, have lost their essential value. Peasants are very critical of this phenomenon and cadres at the grass-roots level have to adopt administrative measures in their work, thus causing tension between cadres and the masses. The obligations of both parties to a contract have to be made very clear.

#### How To Perfect Unified, Socialized Services System

Unified, socialized services and contracted household operations are inseparable and conducive to each other. At present, socialized services are the weaker of the two tiers. Though household operations also need further consolidating and perfecting, they have been going on for a decade or so. In the future, perfecting unified, socialized services should be the focus of attention.

At present, unified, socialized services are at either of the two stages: In some places, they are insignificant and almost absent; in other places, there are some, but these services, on a preliminary stage and with a small scope, have so little to offer that they cannot meet the needs of the peasants. Therefore, establishing and perfecting a unified, socialized service system is a must and plenty of work has yet to be done.

1. Establishing unified, socialized service network at county, township, and village levels.

At the county level, the role of management of competent bureaus is the main thing to be reinforced. The attention of management should land on organization and coordination of services. Agrotechnical group contract is a common practice nationwide and a form of general service. Each county is a group to the contract. There are three integrations involved: Integration of technicians and administrative leaders, integration of technical departments and those handling materials and goods, and integration of varied scientific techniques for agricultural use. Last year, 1,203 technicians were involved in technical group contracts in Jingzhou Prefecture, Hubei Province. The total area of land contracted for agricultural operations was 2.8 million mu. Services were well rendered.

Townships are a crucial level. A township is a financial and power organ with certain economic strength. Various professional departments at this level are well developed. Therefore, townships have many advantages in establishing and perfecting unified, socialized service system. They also bridge the gap between counties and villages. We may say that a township is the most important link in the entire service system. Therefore, it deserves greatest attention in installing and perfecting a socialized service system. Afterwards, efforts can be made to extend the system to villages. The main job at the township level is to strengthen various service functions.

Services at the village level are directly oriented to peasants. Some service organizations in the form of societies, and associations run by the peasants themselves have emerged and played a large part. Villagers' committees should give more thought to how to provide services for contracted household undertakings. This is what most villagers' committees have actually been doing in the two provinces in question.

2. Developing village-level collective economy in a planned way. Many villages now face the problem of "collective but no economy," having no strength to provide unified services. Practice has shown that good socialized services are only found in villages with a developed collective economy. To develop village-level collective economy is to provide an economic basis for installing and perfecting socialized services. But collective economy, no matter how strong it is, should never cover the land contract fees that the relevant peasants ought to pay. Peasants should tell themselves that land is not private property and cultivating the land is not free.

All other expenses of the peasants can be covered by the collective economy when possible. Equalitarianism and indiscriminate transfer of resources should be avoided in developing village-level collective economy. Self-development and self-improvement are necessary and the form of small loans can be adopted. Whatever it is, there should be no undue haste and no projects should be started without enough consideration.

3. In installing and perfecting the unified, socialized service system, the objective must be well defined. Service organizations should make a point of serving contracted household undertakings, helping peasants out of their difficulties, and striving to develop themselves in the course of delivering such services, instead of seeking profits.

4. The contents and items to be unified in socialized services should grow step by step in size and in number. Only unify what can be unified for the time being. Do not aim at large scale or comprehensiveness, or try to do many things at once. The first objective is to establish a technical service system. Besides, try to unify, as soon as possible, inexpensive services such as seed supply, planting planning, irrigation and drainage, power consumption, and pest and disease prevention. Afterwards, serialized services that are rendered before, within, and after farming seasons can be gradually developed.

5. Land may be properly re-plotted to suit the unified, socialized services, especially technical services. Farming can thus be regionalized. Here are two principles to keep in mind: First, the re-plotting should not take place unless it is really needed. If unified, socialized services are not adequately developed, it is pointless to rush with such re-plotting. Second, the re-plotting should not take place unless it is totally of the peasants' own free will. Do not force any household to accept what is not agreed to. Never ever rush headlong into mass action regardless of needs or willingness, victimizing those who do not need to, or are unwilling to, have the land re-plotted. When re-plotting, the best thing to do is to keep the size of the contracted land unchanged and only adjust the boundaries. "Re-plot on a small scale and maintain overall stability." There should be no rush. In the future, do not evenly distribute newly developed land or collective wealth resulting from state or collective investment. They, instead, should go to village-level collectives and may be contracted out to peasant households for farming activities either independently or in groups.

6. A socialized service system may be run by local people, by government, or partly by local people and partly by government. Both resources must be brought to bear. Some services in villages like various societies and associations are funded by local people. Those in counties and townships are mainly run by government, such as agricultural machinery centers, agrotechnical centers, popular science associations, veterinary stations, seed supply centers, water control centers, and forestry centers. These are establishments that have always been there. The difference is that the focus of their work will shift to service. In some service organizations, there are cadres who depend on government finances and also

peasants who are responsible for their own profits or losses. All services, be they government-run, locally-run, or partly government-run and partly locally-run, are indispensable.

7. The relations between different levels of leadership should be well handled. Service organizations at county and township levels are normally headed by county and township government leaders, including cadres and leading professionals. Service organizations at the village level, as a part of collective economy, are led by villagers' committees. Some of them are under the leadership of economic unions. Some multi-village, multi-township (or town) and multi-county service organizations are normally headed by people elected by a number of townships or villages from those who are in charge of the service organizations in these places respectively. They are normally in the capacity of legal persons.

8. The two-tier management system has made a new demand on supply and marketing cooperatives, which should play a bigger part. In rural areas, these cooperatives have extensive contacts with the masses, numerous branches, complete fittings, and some "agricultural experts." They played a prominent role after the founding of the People's Republic, especially in the early days of New China. Since the household contract system went into effect, especially in recent years, supply and marketing cooperatives have made great contributions in unified management of agricultural capital goods and in agricultural services. For instance, some cooperatives have done a good job in helping peasants with soil survey and fertilizing. Nevertheless, the role of some rural supply and marketing cooperatives in the entire network of socialized service system is very limited as the tasks and profit targets mandated by their superiors have made it hard for some services to start. As mass organizations, supply and marketing cooperatives should not engage in pure transactions, still less aiming at profit-making. They should change their objective and adjust their orientation and concentrate on helping thousands upon thousands of households with their production and management.

9. The authorities in some places took back, at an appraised price, the collective property that had been handed out to peasants when the contract system was launched. This practice is not to be recommended, for it often leads to confusion of thinking and aggravates peasants' fear of policy change. The effect is more negative than positive.

#### **Several Points To Note In Publicizing the Policy and in Practical Work**

1. Establishing and perfecting a two-tier management system is in no way a repetition of the old system or a retreat to the past. No "reflection on the previous practice" is necessary as nothing is wrong with the household contract system.

2. In establishing and perfecting a unified, socialized service system, peasants' operations under household contracts should never be harmed. Professional departments should not burden peasants more heavily with

unreasonable charges and expense apportionment in the name of providing services. Fleecing peasants through services is an even more serious wrong.

3. Village-level collective economy should be developed within the village's means and make steady progress. No slogan like "Eliminate villages having no collective economy within a prescribed time" should be heard.

4. It is all right to check up on financial records. This should be mainly targeted on cases which involve graft and embezzlement by cadres and have caused a public outcry. It should not end up in taking back the collective property that was distributed to peasants after the contract system was launched.

### Hong Kong, Taiwan Economic Cooperation Viewed

HK0606C72190 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 May 90 p 2

[Report by staff reporter Wei Yanan (7614 0068 0589): "Trends in Economic Cooperation Between Mainland China, Taiwan, and Hong Kong—Interview With Professor Luo Yuanzheng, a Noted Economist"]

[Text:] Professor Luo Yuanzheng, a noted economist in our country, was invited to attend the "Symposium on the 1990's Macroeconomic Climate" in Hong Kong.

The brilliant analysis of the economic macroclimate made by this mainland scholar was reported by more than 10 overseas journals and newspapers.

After Professor Luo returned from Hong Kong, this reporter interviewed him immediately and the conversation was recorded as follows:

Wei Yanan: I was told that at the symposium, more than 100 economic experts and scholars from more than 10 countries jointly probed the overall changes and tendencies in the world economy in the 1990's which is expected to be full of changes and challenges. As an important participant, what were your dominant feelings?

Luo Yuanzheng: The meeting was held in a warm atmosphere and the repercussions from my speech and other people's speeches among the audience were rather strong. I think that this reflected people's keen interest in the economic development tendency in the 1990's. In particular, I was deeply impressed with the participants' interest in the prospects of economic relations and cooperation between the Chinese mainland, Taiwan, and Hong Kong and the impact on the entire Asia-Pacific region. This was a major topic warmly discussed by the scholars participating in the symposium. It is generally accepted that the Asian and Pacific countries now face a golden period for economic development and, in particular, the trend of economic cooperation between the Chinese mainland, Taiwan, and Hong Kong will have a weighty impact on the world's economic structure. If that is the case, it will certainly be a great inspiration to us.

Wei: You hold that large-scale socialized production has long transcended national boundaries and has been developing in the direction of regionalization. To approach the economy in the Asia-Pacific region from this viewpoint, what new opinions and ideas do you have?

Luo Yuanzheng: In the beginning of the 1990's, the trend toward regionalization or group development has become more obvious in the world's economic structural changes. This finds expression in the emergence of the European Community and the Organization of American States. When facing such challenges in the world economy, countries in Asia will inevitably give consideration to the economic integration and regionalization requirements. Aside from the ASEAN countries, the best conditions for economic integration exist between the Chinese mainland, Taiwan, and Hong Kong, and it is quite natural that cooperation will develop among them. Thus, the Asia-Pacific region will mark the fastest economic development in the world in the 1990's. I deeply believe this. Some people said that in the 1990's the focus of the world's economic development or investment may shift from the Asia-Pacific region to Europe. I think that it is still too early to say this because economic prosperity and development is always closely linked with a stable situation and a stable Asia-Pacific region will never be neglected by investors. Due to the needs of mutual benefit and complementarity, the trend of economic integration between the Chinese mainland, Taiwan, and Hong Kong in the Asia-Pacific region will certainly become a new economic force in the 21st century and will play a positive role in promoting economic development in the entire Asia-Pacific region.

Wei: According to some Hong Kong newspapers and journals, your opinion aroused great interest among many experts and scholars at the symposium. Would you please talk about the factors from which you drew your conclusions, that is, the grounds on which you think that close economic cooperation is certain to appear between the Chinese mainland, Taiwan, and Hong Kong?

Luo Yuanzheng: All right. Today, when the world economy is developing in the direction of regionalization, integration, and group development, different countries and regions are forced to seek their partners from their surroundings in order to join hands in reinforcing each others' competitiveness in the international market and to seek common prosperity. The Chinese mainland, Taiwan, and Hong Kong all belong to the same nation and have the same culture and geographical ties. This makes it easier for them to get together.

Specifically speaking, through development in recent years Taiwan's economy has moved to a high level but it is facing unfavorable factors, such as labor shortages, high land prices, and shortages of energy and raw materials. This has forced Taiwan to consider adjusting its economic structure, while the huge foreign trade surplus has enabled Taiwan to invest large amounts in areas outside the island. The opening-up policy pursued by the

Chinese mainland gives a major impetus to the development of economic cooperation among the three sides. In recent years, the mainland market has been rapidly expanded and has become the second largest market after Japan on the Western Pacific rim. The Chinese mainland is improving its economic environment, rectifying its economic order, and deepening reform, and it also needs to adjust the production structure and requires large amounts of funds. This provides the conditions for cooperation between the two sides of the strait. Hong Kong is a highly developed cosmopolis and a major international financial center. Hong Kong has a well-developed information network connected to all parts of the world, the world's largest container terminal, and, more importantly, has a large number of talented commercial experts and broad marketing channels. The special position and connections of Hong Kong provide favorable conditions for promoting people-to-people exchanges between Taiwan and the mainland. At the same time, Hong Kong can also seek its own interest and develop through direct economic cooperation between the mainland and Taiwan.

In fact, in the last 10 years, along with the opening of the Chinese mainland, the prosperity and stability of the Hong Kong economy, and the changes in the political and economic situation on both sides of the strait, substantial progress was made in economic relations and trade between these Chinese areas. The trade connections between the mainland and Hong Kong were expanded rapidly and the volume of trade has increased 25.6 times in the last 10 years. Economic relations extended to a wider scope, including investment and technological cooperation. Hong Kong has also consolidated its position as a major transit port in the mainland's trade with other countries. Economic relations between the mainland and Taiwan have also been strengthened and the volume of indirect trade increased from \$280,000 in 1979 to nearly \$3 billion in 1989. Investment by Taiwan businessmen on the mainland increased rapidly, the scale of investment projects expanded, the geographical distribution of the investment widened, and the forms of investment were diversified. In fact, all this showed the emergence of the developing tripartite economic cooperation.

Wei: It seems that economic cooperation between the Chinese mainland, Taiwan, and Hong Kong is different from that within the European Community and that between the United States and Canada. In the latter case, the cooperating countries have the same economic system; but the economic systems on the Chinese mainland, in Taiwan, and in Hong Kong are quite different and the economic development levels in the three areas differ. Professor Luo, how do you view these differences?

Luo Yuanzheng: Economic cooperation should not be viewed merely as cooperation between some socialist countries or between some capitalist countries. The common foundation for economic cooperation is large-scale socialized production. Countries and regions can carry out economic cooperation on the basis of mutual

benefit and complementariness and system differences have become less important.

It should be noted that things always change along with the changes in the situation. For example, the Taiwan policy pursued by the mainland has been developed to the concept of "one country, two systems;" and Taiwan has also been changing its mainland policy. This shows that both sides desire to further their economic cooperation and to seek common development.

At present, the main obstacle to economic cooperation between the mainland and Taiwan comes from the fact that the Taiwan authorities continue to reject the proposal for the establishment of the "three links" (namely, commercial, postal, and shipping links). Even if the "three links" are realized, economic cooperation between the two sides will still be developed gradually and naturally and no drastic changes will happen because the connections between the two sides have been cut off for a long time. In the initial stage of cooperation, some unexpected new problems will unavoidably appear, so mutual understanding and active consultation between the two sides are necessary.

Hong Kong has always maintained close direct trade connections with the mainland and it has been a long-existing fact that the system differences do not affect economic exchanges at all. After Hong Kong is returned to China in 1997, its economy will become more prosperous.

Wei: It is learned that some people have misgivings about the investment made by industrialists and businessmen from Taiwan for fear that they may shift industrial pollution to the mainland and that Hong Kong's developmental momentum may be weakened. What do you think about this?

Luo Yuanzheng: The mainland has worked out a general program for its development. Take the petrochemical industry as an example. When a project is submitted to the authorities concerned for approval, it must be accompanied by a scheme for controlling pollution. Generally speaking, it is not hard to more reasonably arrange the outlay of these projects. However, there is every reason to provide more favorable conditions for the projects started by Taiwan investors as they are our compatriots and the projects are related to the development of direct economic relations between the mainland and Taiwan. When the Taiwan enterprises are ready to invest such huge amounts of funds into certain projects, it is believed that they will certainly formulate an integrated program aimed at long-term development. On the environmental issue, they will take the positive and negative experiences of developed countries as references and ensure environmental protection in the areas where factories are to be built.

As for Hong Kong, due to its special position and conditions it has continuously been providing favorable conditions for the development of economic and trade relations between the mainland and Taiwan in years

past. With the increase in exchanges between the mainland and Taiwan, Hong Kong will play an increasingly important role and bring its advantages into full play. Thus, the development of economic relations between the mainland and Taiwan will only add more vigor to Hong Kong's economy and it is certain that Hong Kong's economy will continue to prosper.

**Wei:** What should the mainland do at the present stage in order to usher in the substantial development of economic cooperation between the mainland, Taiwan, and Hong Kong?

**Luo Yuanzheng:** It should continue to carry out the policy for reform and opening up and maintain this general orientation. The more the policies are developed in depth, the more efforts should be made to strengthen economic relations with Taiwan and Hong Kong and to create more opportunities and favorable conditions for economic cooperation. At present, special attention should be paid to attracting capital from Taiwan and Hong Kong and to the formulation of concrete regulations and measures for investment cooperation with Taiwan and Hong Kong industrialists and mainland businessmen. More convenience should be provided for them and the investment environment should be further improved. Special development zones for Taiwan investors can be established and the channels for economic cooperation between the mainland, Taiwan, and Hong Kong should be broadened, thus further promoting economic and trade exchanges and ensuring steady development of cooperation between the three sides.

### Li Guixian Visits Shaanxi, Discusses Production

OW0506184490 Beijing XINHUA Domestic Service in Chinese 1219 GMT 2 Jun 90

[By correspondent Pan Zhenggong (3382 2973 0501) and reporter Jiang Maosheng (1203 0602 3932)]

[Text] Xian, 2 Jun (XINHUA)—Li Guixian, state councillor and president of the People's Bank of China, said in Shaanxi while conducting an investigation and study trip: Industrial loans have increased greatly this year, but they have not remarkably helped promote production. Enterprises are still facing a shortage of funds. An important cause for this is that overstocked products have taken too much capital funds. For this reason, we must continue to do a good job in marketing industrial products in rural areas and make further efforts to invigorate the market.

Li Guixian held a discussion with comrades of some industrial and commercial enterprises on how to promote production and market sales. He said during the discussion: At present, industrial products cannot reach rural areas, while agricultural products cannot reach urban areas. The exchange between industrial products and agricultural products has been blocked, and we must break the block. All banks, including industrial, commercial and agricultural banks, must support the marketing of industrial products in rural areas. He also said: In

marketing industrial products in rural areas, we should not only depend on state commerce and cooperative commerce alone; we should also give play to the initiative of individual traders and craftsmen. It is necessary to invigorate the market and circulate commodities through multiple channels. Li Guixian discussed the problem of some localities setting up road blocks and practicing regional blockade in commodity marketing. He pointed out that such a practice will prevent us from invigorating the market and from improving the situation of weak sales.

### Record Investment in Transport Planned for 1990

OW0706155090 Beijing XINHUA in English 1146 GMT 7 Jun 90

[Text] Beijing, June 7 (XINHUA)—Despite the austerity program, China plans to pour a record 13 billion yuan into building railways, waterways, highways and civil aviation facilities this year in a major bid to overhaul backward transportation facilities, government sources said here today.

In 1990 China will appropriate two billion yuan more for construction of transportation facilities than in 1989.

In a recent major restructuring, the state listed transportation as a priority for development.

According to Li Senmao, minister of railways, 8.25 billion yuan will be spent to build over 1,700 kilometers of railway lines this year.

With 4.7 billion yuan, the Ministry of Communications hopes to complete the construction this year of 30 deepwater berths and 30 medium-sized wharfs, adding a port handling capacity of 38 million tons, Minister Qian Yongchang said.

There are also plans to build 10,000-km of highways this year, increasing the highway network to 1.02 million km by the end of this year, the minister said.

Sources from the Civil Aviation Administration of China said six new airports, including Wenzhou, Mangshi, Ningbo, Xishuangbanna, Xianyang and Xining, will become operational at the end of this year.

Though greatly developed over the past four decades, China's transportation facilities still lag far behind economic growth and demand. The railways, which handle 60 percent of all passengers and 70 percent of all freight, are now overloaded.

Experts here say the situation was caused by a previous lack of investment. Investment in transport facilities accounted for only 14 percent of total state investment in infrastructure during the past 40 years.

Sources from transportation departments said the government is considering raising the investment ratio to 17 or 18 percent.

### State To Issue Treasury, Special State Bonds

OW0806110390 Beijing XINHUA in English  
0756 GMT 8 Jun 90

[Text] Beijing, June 8 (XINHUA)—The State Council issued two orders signed by Premier Li Peng on regulations for China's treasury bonds and special state bonds in 1990.

Under the regulations governing China's treasury bonds in 1990, purchasers of the treasury bonds should be citizens and individuals engaged in private industrial and commercial businesses.

Treasury bonds amounting to 5.5 billion yuan will be issued from June 10 to November 30 this year. They will bear an annual interest rate of 14 percent with principal to be repaid in three years from July 1, 1993. The interest, to be paid at the same time, will not be compounded.

Under the regulations governing special state bonds, purchasers of the special state bonds should be sound state enterprises, collective enterprises, private businesses, financial institutions, various departments, the military forces and social organizations.

The state bonds, totalling 4.5 billion yuan, will be issued from June 10 to November 30. The principal, bearing an interest of 15 percent, will be paid in five years from the date of purchase. The interest, to be paid at the same time, will not be compounded.

### Central Bank To Approve Enterprise Bonds

OW0706214890 Beijing XINHUA in English  
1331 GMT 7 Jun 90

[Text] Beijing, June 7 (XINHUA)—Some 5.5 billion yuan-worth of enterprise bonds will soon be issued with the approval of the People's Bank of China, the central bank, XINHUA learned today.

Funds raised through the bond issue will be mainly used to support construction of some of the state's major projects, a bank official said.

The bond issue is also aimed at backing export-oriented enterprises and capital circulation of commercial institutions, he said.

Interest rates on the bonds may be 40 percent more than on savings deposits of the same duration, the official told, and the bonds can be transacted within a limited scope.

Since the early 1980s, when China began to set up financial markets, enterprise bonds worth over 30 billion yuan have been issued.

### Regulations Covering Foreign Banks Tightened

HK0606014590 Hong Kong SOUTH CHINA  
MORNING POST (BUSINESS POST) in English  
6 Jun 90 p 1

[By Geoff Crothall]

[Text] The People's Bank of China has moved to restrict the activities of foreign banks' representative offices in China following alleged breaches of banking regulations.

Representative offices will no longer be able to "collect, canvass for, pass on or check trade bills for their head offices and branches", according to an internal document issued by the central bank.

The move effectively amputates one section of representative offices' liaison work in China, according to bankers in Hong Kong.

From now on representative offices will only be allowed to "conduct market research and provide consultation and liaison services for their head offices with regard to investments and loans in China", the bank document states.

The document, sent to People's Bank branches in major cities, calls on them to investigate the activities of foreign bank representative offices and take action against offices which engage in trade bill business.

"Those representative institutions which are involved in such activities are in breach of administrative regulations (promulgated in 1981) and should cease immediately," it states.

"those who do not abide by the administrative regulations and who do not accept persuasion should be seriously disciplined. 'Underground offices' set up by representative institutions will be stamped out."

A number of European banks have already received verbal warnings to close down illegal offices, often set up in hotel rooms around the country, banking sources say.

The central bank has so far largely turned a blind eye to foreign banks' technical violations of banking regulations. But under pressure from the Bank of China (BOC), which handles the vast majority of trade bill business in the country, it has decided to act.

The BOC, described by many bankers as overly protectionist, complained that representative offices were liaising too vigorously and adversely affecting its business.

The crackdown on representative office activities has led to concern among foreign banks that financial reform in China could be rolled back.

"I am surprised the People's Bank who has always talked about introducing more competition in the banking sector should do such a thing. It goes completely against what it has been telling us for the last five years," Mr Bertrand Veriot, general manager of Banque Indosuez (Hong Kong), said yesterday.

"It will have a serious effect on the profitability of our branch in Shenzhen and I'm sure all foreign banks with representative offices in China will be likewise affected."

However, Mr Raymond Yu, head of the bank of East Asia's China division, said the only banks that would really suffer were those who were actively breaking the rules.

"There is nothing to stop foreign bank branches in Shenzhen sending out people to collect bills," Mr Yu said.

But Mr Veriot said the time taken to send people out from Shenzhen would not make the business worthwhile.

Mr Anthony Russell, head of the Hong Kong Bank's China division, said: "I hope the restrictions will only be temporary and the central bank will give fresh consideration to foreign bank proposals to upgrade their status and that the spirit of reform will continue."

Foreign banks have made numerous requests to the People's Bank over the last two years to be allowed to offer yuan services, handle foreign exchange import bills and to bid for foreign exchange deposits more effectively.

Under current regulations, bank branches have to remit six percent of all foreign exchange deposits interest free to the central bank, preventing them from offering competitive rates.

As a result foreign joint ventures are very reluctant to leave their money in China when better rates can be obtained from banks outside.

"We have told the central bank that reform of the banking sector is central to China's modernisation programme and that competition among banks is essential if China's industry is to improve," Mr Russell said.

Although China has approved in theory the establishment of bank branches in Shanghai's Pudong district, Mr Russell said they would have offered more concessions than are currently available in Shenzhen for banks to make such a commitment.

"If they only allow branches to offer foreign exchange loans and conduct export bill business as is currently the case they will simply be bringing more banks into a smaller market," he said.

### **Record High Summer Grain Output Expected**

HK0406042490 Beijing CHINA DAILY in English  
4 Jun 90 p 1

[By staff reporter Wang Dongtai]

[Text] A nationwide drive launched last year to boost agricultural production is paying off, as Chinese farmers begin to harvest an abundant summer crop.

Good harvests are predicted for all major summer crops, including wheat, cotton and rape seed, said Vice-Minister of Agriculture Liu Jiang on Saturday.

This year's wheat output is expected to set a new record in ideal climate conditions, officials from the Ministry of Agriculture said.

The total summer grain output this year is expected to be 4 million tons more than the record year of 1989, if no big natural disaster occurs, XINHUA quoted the State Statistical Bureau as saying.

The hot dry winds, which could have reduced wheat output, did not materialize this year.

But an estimated 1.6 million hectares of wheat were flattened by heavy rains, said Zhao Hanjie, an official from the Information Department of the Ministry of Agriculture.

Wheat aphids have caused damage in a few places, said Zhao. And there may be losses if it rains during harvest time, Zhao said.

Harvesting of wheat has already begun in the south, and for the major wheat-producing provinces the busiest time will be the first half of June. That's why the weather in the final amount of wheat harvested.

Acreage of summer grain increased by 600,000 hectares from last year, and acreage devoted to rape seed increased 560,000 hectares.

It was predicted that output of rape seed will be near the record high set in 1987.

Since the government raised the purchasing price of cotton to encourage farmers to grow more, this year's land in cotton production is expected to increase 330,000 hectares from last year's figures.

At a recent meeting in Dezhou, Shandong Province, Agriculture minister He Kang said greater attention should be paid to autumn production since autumn grain constitutes more than 60 percent of the whole year's output.

There are some favourable conditions, the Minister said. For example, the government's preferential policies for agricultural production have been implemented and local governments have paid considerable attention to agriculture.

Throughout the nation, there is a campaign to support and develop farming. And farmers were assured that the government's policies will not change.

The government also raised the purchase prices on cotton, oil, sugar, tobacco and flax and established 24 commercial grain bases and 23 good quality cotton bases.

Problems exist however: grain prices are falling, and because of the sluggish market, farmers do not have much cash to invest in production.

Another problem is the weather, the Minister said. The weather changed mid year and flooding, drought, and low temperatures are predicted for this autumn.

The Minister said agriculture officials should help farmers sell their grain. Local governments should also make plans for regional agriculture production.

Investigation indicates that farmers sowed enough grain, cotton, oil crops, and sugar to meet this year's government plan.

In the south, acreage of early rice increased 70,000 hectares from last year's figures. Acreage of hybrid rice also increased.

### **Agricultural Fund Increase To Help Development**

OW0606115590 Beijing XINHUA Domestic Service  
in Chinese 1326 GMT 2 Jun 90

[By reporter Yu Yunda (5713 0061 6671)]

[Text] Hangzhou, 2 Jun (XINHUA)—According to the national work meeting on agricultural financial affairs, which closed on 2 June, good trends have appeared this year in increasing agricultural input, an important sign for agricultural development.

Vice Minister of Agriculture Chen Yaobang disclosed: This year the state has adopted some important measures to increase the input of agricultural funds. First, the state budget has increased capital construction investments and expenditures for supporting agriculture. In 1989, agriculture support expenditures totalled 19,907 million yuan, up 25.4 percent from the previous year. In 1990, the budget appropriates 21,481 million yuan for expenditures supporting agriculture, up 7.9 percent from the previous year's budget. Capital construction investment increased 1 billion yuan. In raising agricultural development funds, 2.8 billion yuan was actually raised and spent. Second, our credit loan funds have increased. The total amount of this year's agricultural loans increased by 10 billion yuan over last year. Credit cooperatives had an increase of 11 billion yuan in funds which will be mainly used to promote agricultural production. Third, peasants in the vast rural area are actively establishing and developing rural cooperative funds to increase funds to subsidize and develop agriculture and to accumulate funds to increase agricultural input.

According to Chen Yaobang, this year's agricultural input includes amounts from the state and the collectives: Capital construction investments in the state budget are 4,456 million yuan; expenditures for supporting agriculture (including operating expenses and expenditures to support agricultural production) are 21.48 billion yuan; agricultural banks, credit cooperatives' funds loaned for agricultural production (not including village and town enterprises) are about 125 billion yuan (accumulation), and funds from rural and village level industry for subsidizing and developing agriculture are estimated to be 7 billion to 7.5 billion yuan. In all, the amount is close to 160 billion yuan.

Chen Yaobang said: Because our country is still quite poor, agricultural services must develop self-reliance and a pioneering spirit to promote business and take the road of self-development. Agricultural services serve agricultural production by using their superior position in technology and facilities. They can run economic entities and rationally make profits to not only expand sources of funds to make up for the inadequacy of operating expenses, but also to ease financial pressure.

### **Ministry Predicts Good Rapeseed Harvest**

OW0806015590 Beijing XINHUA in English  
0129 GMT 8 Jun 90

[Text] Beijing, June 8 (XINHUA)—China expects to have a good harvest of rapeseed this year, 900,000 tons, or 15 percent, more than that of last year, according to the Ministry of Agriculture.

This year, rapeseed was sown on 5.3 million hectares of farmland, 530,000 hectares more than last year.

Increased output will be achieved in the country's major rapeseed-producing areas of Anhui, Jiangxi, Hubei, Sichuan, Hunan, Jiangsu, Guizhou, and Zhejiang Provinces.

Last year's rapeseed output was about 4.7 billion kg.

### **Minister He Kang Interviewed on Agriculture**

HK3005133090 Beijing LIAOWANG in Chinese  
No 20, 14 May 90, pp 5-6, 47

["Special Interview" with He Kang, minister of agriculture, by unidentified staff reporter: "The Current Agricultural Situation and This Year's Tasks"—place and date not given]

[Text]

### **The Current Agricultural Situation**

Reporter: Everyone throughout the country is concerned about the agricultural production situation. Minister He, can you first talk about the current agricultural situation, please?

He Kang: The rural economy saw great development in the course of reform after the Third Plenary Session of the 11th CPC Central Committee and agricultural production increased rapidly. However, since 1985, grain and cotton production has been stagnant for several consecutive years. The grim situation in agriculture aroused serious concern in the whole party and among the people throughout the country. Over the past year, all localities earnestly carried out the decision by the CPC central leadership and the State Council on striving for good harvests in agricultural production. They actually strengthened leadership over agriculture and did a great deal of down-to-earth work in: Increasing the financial, material, and technological input; improving the agricultural production conditions; and promoting capital construction for agriculture. All this caused a favorable development tendency in agricultural production. Grain output increased substantially; production in animal husbandry and agriculture, and production on state farms, developed steadily; and township and town enterprises were also upgraded through readjustment. Production in all fields was better than expected at the beginning of last year. Many statistics have been published in newspapers, and I will not mention them here. In general, the current overall rural economic situation is good, and this will play a positive role in promoting the

development of our national economy and in maintaining economic, political, and social stability.

Of course, when affirming the achievements in agriculture, we should also note that agricultural production in our country still faces many problems and difficulties:

First, in the planting industry, although grain output increased last year, the per capita quantity of food grain still did not reach the 1984 level. Moreover, last year's good harvests were, to a large extent, the results of the increase in the area of land sown with grain crops, the good weather in most areas, and the rise in food grain prices in markets. While the area of land sown with grain crops and grain output increased, the area of land sown with cotton, oil-bearing crops, and sugar-bearing crops decreased, as did the output of these crops. The total productivity level of the planting industry was not raised, and the gross output value was even slightly less than the previous year.

Second, the production of some animal products showed obvious signs of decline. The growth rates for meat, eggs, and milk marked the lowest level for the last 10 years. The quantity of pigs and poultry being raised by the end of the year was not as much as in the beginning of the year.

Third, through adjustments, some township and town enterprises were closed down. Throughout the country, more than 3 million laborers returned to the countryside and became surplus labor force. This caused a negative factor that might affect the increase in peasants' income and might intensify the contradiction between farm land and labor force.

Fourth, some agricultural products were stockpiled (mainly grain, wool, rubber, and live pigs in the producing provinces). The prices of these products dropped and there was a shortage of funds for purchasing these products. As a result, peasants could not increase their income although they increased output. This will also unfavorably influence this year's production.

#### **The New Opportunities for Agricultural Development in 1990**

Reporter: What situation faces agriculture this year?

He Kang: This year will be crucial for readjusting and rectifying the national economy and also for making new breakthroughs from the stagnation in agricultural production. Our efforts to strive for good harvests in agriculture this year will have a major bearing on the overall economic situation. In order to ensure the harmonious development of the rural economy and the steady growth in agricultural production this year, the central and local authorities have adopted a series of policies and measures favorable to agriculture. This has brought about new opportunities for agricultural production in which a favorable developmental tendency has appeared.

First, the party central leadership and the State Council have set forth a guiding principle for giving priority to agricultural development. The Fifth Plenary Session of

the 13th CPC Central Committee last November laid stress on the crucial importance of agriculture as the foundation for the national economy and pointed out that the stable development of agriculture is the foundation for economic, political, and social stability and is also the key link for adjusting the entire economic structure. After the central committee plenum, the State Council formulated and initially implemented some measures for quickening agricultural development. General Secretary Jiang Zemin and Premier Li Peng both repeatedly stressed that in order to achieve this year's economic targets, the first major task for the whole country is to boost agricultural production and strive for good harvests. Party committees and governments at all local levels positively responded to the call by the party central leadership and the State Council and generally strengthened leadership over agriculture. In particular, leaders at the prefectural and county levels concentrated their energy on dealing with agriculture. The results of agricultural development were taken as a major indicator in assessing cadres' work performances.

Second, the basic rural economic policies have been stabilized and improved. The practice of reform and opening up showed that the party's policies for promoting rural economic development and encouraging peasants to become rich after the Third Plenary Session of the 11th CPC Central Committee are effective and correct. The Fifth Plenary Session of the 13th CPC Central Committee adopted the "CPC Central Committee's Decision on Further Improving the Economic Environment, Rectifying the Economic Order, and Deepening Reform" and this document also comprehensively expounded the idea of keeping the rural economic policies stable. At a national meeting to exchange experiences in comprehensive agricultural development, Vice Premier Tian Jiyun further explicitly affirmed the "six no changes" in basic rural economic policies. All this certainly increased the peasants' confidence and provided a policy guarantee for this year's good harvests in agriculture.

Third, agricultural input has been increased in many aspects. This year, although the central government is still facing financial difficulties and will continue to cut down on the scale of investment in capital construction, the budget for capital investment in agriculture has been increased by 1 billion yuan and the budget for other agricultural expenditure has been increased by 18.2 billion yuan. The agricultural bank and the rural credit cooperatives plan to increase credit for agricultural production by 21 billion yuan. It is also planned to supply a total of 107.5 million tons of chemical fertilizer for the peasants, increasing supplies by 2 million tons. The supply of pesticide and plastic film for agricultural use will also be guaranteed. The quantity of diesel oil supplied to the countryside will remain at last year's level of 8.64 million tons. At the same time, various localities will increase their agricultural input this year. In particular, they will increase financial input through adjusting

investment plans, financial budgets, and credit structures or through tapping new financial resources for the purpose of increasing agricultural investment.

Fourth, the purchase prices for some agricultural products have been raised. In order to arouse the peasants' production enthusiasm, the state has decided to raise the purchase prices for cotton, oil-bearing crops, and sugar-bearing crops this year, in spite of the difficult financial conditions. Many local governments have also adopted corresponding support policies in order to arouse the peasants' production enthusiasm.

Fifth, more projects for comprehensive agricultural development have been started and more commodity production based projects have been built. This will improve the agricultural production conditions and will increase the capacity of comprehensive agricultural production. In 1988, projects to build 19 agricultural development zones were started which will yield returns this year. The 171 commodity-grain production bases and the 432 agricultural, animal husbandry, and fishery commodity production bases built during the Sixth and Seventh Five-Year Plans will achieve their best economic results in the coming years. Over 80 commodity-grain production bases will also be established this year in accordance with the Seventh Five-Year Plan. The state has decided to start new projects for comprehensive agriculture development this year in nine provinces. At the same time, in order to substantially develop grain and cotton production, the state has also decided to build another batch of state-level commodity-grain and cotton production bases.

Sixth, science and technology will be used more intensively and effectively for promoting agricultural development. Agricultural development depends on manifold conditions, but only science and technology can give the most important and decisive impetus to agricultural development. Earlier this year, the State Council adopted a "Decision on Relying on Scientific and Technological Progress To Promote Agricultural Development and Doing a More Effective Job in Applying Technological Results to Agricultural Production." The document explicitly pointed out that relying on scientific and technological progress is a major strategic measure for agricultural production and also worked out a series of concrete measures for this purpose, including the establishment and improvement of various service organizations for promoting advanced technologies and techniques, the consolidation and development of the ranks of agrotechnicians, the development of general education in the countryside, and the promotion of technical training among the peasants. This year, a new upsurge of combining science and technology with agricultural development has appeared in all parts of the country. Solid and effective work has been done in this aspect.

Seventh, all trades and industries are supporting agriculture. According to the decision made by the fifth plenum of the party central committee, all trades and industries have worked out their own plans and measures for

supporting agriculture. Actively supporting agriculture has become a trend in society.

Eighth, all localities are making great efforts to conduct farmland capital construction and build irrigation and water conservancy works. After the State Council issued the "Decision on Making Great Efforts To Conduct Farmland Capital Construction and Build Irrigation and Water Conservancy Works," all localities immediately took action, and an upsurge of construction to improve the basic production conditions appeared. The past year has marked the largest scale of construction in this field and the best results for the last 10 years.

All the above facts show that the party central leadership and the State Council have adopted a variety of policies favorable to agricultural development and have especially created favorable conditions for this year's good harvests.

#### **This Year's Agricultural Production Tasks**

Reporter: The agriculture situation we face this year is rather inspiring. Minister, can you please talk about this year's production tasks and especially the priority tasks?

He Kang: This year, our agricultural production tasks will still be arduous. According to the state plan: Grain output should reach 412.5 million tons, an increase of 1.2 percent over last year; cotton output should reach 4.4 million tons, an increase of 13.9 percent; the output of oil-bearing crops should reach 15 million tons, an increase of 13.9 percent; meat output should reach 25.5 million tons, an increase of two percent; aquatic products output should reach 11.5 million tons; the total output value produced by township and town enterprises should reach 857 billion yuan, an increase of 15 percent; and the output of other agricultural products should also increase correspondingly. These targets were decided according to the needs of the national economy and the general target of raising the total industrial and agricultural output value by 5.5 percent and raising the total agricultural output value by four percent. The fulfillment of these tasks will be of great significance for the fulfillment of the objective in the readjustment and rectification of the national economy.

Agriculture in our country faces new opportunities for development, and there are many favorable conditions for fulfilling this year's agricultural production plan. However, we should also note that we must still make painstaking efforts in order to rapidly change the stagnant condition in agricultural production in a short period. We should also pay more attention to the formulation of a long-term development strategy, to the adoption of measures for comprehensive development, and to the improvement of external conditions in order to ensure that agriculture will move onto the path of sustained, stable, and healthy development as soon as possible. The main factors unfavorable to this year's agricultural development include the following points:

First, the contradiction between the limited area of farmland and the increasing population is getting more intense. It is expected that the net population increase this year will be 16 million. Even if the total area of farmland remains not less than 3 million mu, the per capita area of farmland will still be less than 1.3 mu. If there is no obvious improvement in the basic production conditions and no obvious increase in per-unit-area yield, it will be very hard to increase the output of grain, cotton, oil-bearing, and sugar-bearing crops at the same time and there will be great difficulties in making rational production arrangements.

Second, because the output of corn decreased in 1989, there will be difficulties in getting sufficient animal feed this year.

Third, township and town enterprises are facing challenges from economic readjustment and rectification. Market slackness and shortages of energy, raw materials, and funds will continue to be the main constraint on their development.

Fourth, many obstacles remain in agricultural and sideline products circulation channels. Some commodities have been imported excessively, and the shortage of funds for purchasing agricultural and sideline products and the shortage of storage facilities have made the sales of grain, wool, rubber, and fruit more difficult. This problem will also be an impediment to this year's agricultural production.

Therefore, opportunities for development and difficulties exist side by side for this year's agricultural production. There are both favorable and unfavorable factors. We must bring the advantages into play, grasp the opportunities, and carefully arrange and organize agricultural production.

#### **The Priority Tasks in This Year's Agricultural Work**

**Reporter:** What special measures should be taken for this year's agricultural development?

**He Kang:** The guiding principle for this year's agricultural work is: Under the premise of stabilizing and improving the basic rural policies, we will make great efforts to increase input; on the basis of increasing financial and material inputs to agriculture, we will apply science and technology more effectively to upgrade agricultural production; and, at the same time, we will pay close attention to improving the work of the agricultural department in order to strive for good harvests in all aspects of agricultural production, to make a new breakthrough in grain production, and to increase the peasants' income to a new level. The main measures we shall adopt include the following points:

First, stabilizing and perfecting all kinds of responsibility systems with household output contracts as the main form and establishing and improving the service system for supporting agricultural production in society.

The party central leadership has repeatedly stated that the basic rural policies adopted after the Third Plenary Session of the 11th CPC Central Committee will remain unchanged, so we should continue to carry out this principle. To improve implementation of the household output contract system, we should mainly establish and improve a service system in society and improve the double-tiered management structure by coordinating the undertakings run by collectives and households. It is necessary to continue to develop and improve the technical service mechanisms for agricultural production and ensure the supply of all technical services needed by peasant households in their production, including such key links as tractor-plowing, irrigation and drainage, seed cultivation, plant protection, and disease prevention.

At the same time, it is also necessary to continue to carry out the policy of opening up to the outside world. Efforts should be made to introduce more funds and technological know-how from foreign countries. Economic and technological cooperation and exchanges should be developed on selected projects to promote agricultural modernization in our country.

Second, effectively increasing the production of grain, cotton, and oil-bearing crops and breaking through the stagnation. In order to fulfill the tasks of increasing the output of grain, cotton, and oil-bearing crops this year, we must expand the area of land sown with these crops and increase the per-unit-area yield. This year, we should appropriately enlarge the area sown with grain crops, cotton, and oil-bearing crops by increasing the multiple cropping area and reclaiming more waste land. In order to strengthen the planned management of agricultural production, this year the state has resumed issuing a guide plan for some main crop-growing areas. According to this plan, the area of land growing grain crops should reach 1.683 billion mu, an increase of 6 million mu over last year; the area of land growing cotton should reach 83.5 million mu, an increase of 5 million mu; and the area of land growing oil-bearing crops should reach 160 million mu, an increase of 6 million mu.

Comprehensive measures should also be adopted for increasing the per-unit-area yield of grain, cotton, and oil-bearing crops. The first measure is to increase input; the second is to improve the seeds; and the third is to apply advanced technologies to production. The advanced technologies for cultivating model plants, using chemical fertilizer according to scientific formulae, water-saving irrigation, plant cultivation on dry land in the northern provinces, and the other six major advanced techniques are to be widely adopted.

Third, increasing the production of animal products and enriching the supply of nonstaple food for the people. At present, the animal-raising industry is facing problems such as higher feed prices, tax increases, and lower economic returns. So close attention must be paid to these problems, and effective measures must be taken to prevent a decline in animal husbandry production. First,

it is necessary to strengthen leadership over the production of nonstaple food and continue to implement various policies to support development of the animal-raising industry. Second, it is necessary to improve the production structure. The production of pigs should be kept stable, and the production of poultry and other livestock should be increased. We will strive to increase the proportion of poultry, beef, mutton, and rabbit meat to over 20 percent of the total meat output. To increase the output of aquatic products, we should mainly rely on raising more aquatic products, increasing fishery production, and processing more aquatic products. Various localities should lay stress on different aspects of fishery and aquaculture in light of their specific conditions to seek steady development. Positive and solid measures should also be adopted to develop deep-sea fishing. Third, technical services for preventing and curing animal diseases should be improved to raise the marketable rate of pigs being raised and the per-unit-area yield of aquatic products. Fourth, it is necessary to take steps to lower production costs and tap potential in the production of aquatic products. Domestic and overseas markets should become complementary to each other.

Fourth, giving positive guidance to the healthy development of township and town enterprises in the course of economic readjustment and rectification. Township and town enterprises should follow the principle of "adjustment, rectification, transformation, and upgrading," and should make positive adjustments of their production structure in light of local advantages, the needs of domestic and overseas markets, and the state's policy for the priority sequence among various industries to ensure their stable, harmonious, and healthy development. It is necessary to support and encourage township and town enterprises to develop the production of agricultural and sideline products, to process local raw materials, and to produce energy and raw materials. In particular, support should be given to enterprises that produce parts for large enterprises in cities, labor-intensive enterprises that develop traditional arts and crafts and export products to earn foreign exchange, and to enterprises that produce daily necessities needed by urban residents. However, enterprises that waste electricity and raw materials, cause serious and uncontrolled pollution, have incurred financial losses for a long time because of poor management, or produce goods of inferior quality, should be resolutely closed down in the course of economic readjustment. It is necessary to use science and technology to help enterprises improve their management. The management responsibility system should be perfected to lower costs, raise product quality, and achieve better economic results. The advantages and flexibility of township and town enterprises should be brought into play. Markets should be broadened in the course of economic readjustment. They should be self-reliant and try to accelerate the turnover of funds.

Because capital construction is being restrained, some labor forces from the township and town enterprises that were closed down in the course of readjustment will

return to agriculture. This part of the labor force should be guided positively to the field of farmland capital construction and to agricultural development in depth and in scope.

Fifth, carrying out activities of the agricultural technology promotion year. The ministry of agriculture has decided to name this year "Agricultural Technology Promotion Year." Over 1 million agrotechnicians, researchers, and educators will be organized to go to the grass-roots level in the countryside and provide technical services. Scientific and technological achievements will be applied to agricultural production on a large scale and in a large scope. All trades and industries in society will be required to support the work of promoting agriculture-oriented scientific and technological achievements and accelerating changing scientific and technological achievements into productive forces, thus raising productivity and the output rate of the land. This will not only contribute to this year's good harvests but will also lay a good foundation for implementation of the principle of "relying on science and technology to seek agricultural development" in the future.

The nationwide activities for the Agricultural Technology Promotion Year should mainly serve the purpose of fulfilling the "good harvest plan." In the past three years since the "good harvest plan" was put into practice, the state has allocated a total of 60 million yuan to this plan. This has resulted in increasing the output of grain by 9.78 billion kg, raw cotton by 150 million kg, meat, poultry, and eggs by 204 million kg, aquatic products by 118 million kg, and has produced an additional output value of 8.15 billion yuan. The input-output ratio realized in this plan was about 1:8. Practice shows that the "good harvest plan" achieved the results of using less input to achieve greater output and yielded quicker and higher yields. Thus, it is an effective measure for promoting agricultural production at present.

Sixth, improving the methods of work and the style of work. In order to actually achieve agricultural development this year, the ministry of agriculture decided to send 1,100 office cadres, scientific researchers, and technicians to conduct investigations and studies in the countryside and to assist the local authorities in handling agricultural work. Some work teams have already set off for the grass-roots levels.

It is necessary to continue assisting the poverty-stricken areas. The State Council recently approved and relayed a report delivered by the State Council's leading group for economic development in poverty-stricken areas about the work in this field in the 1990's. The document required all local governments and departments concerned to continuously support economic development in poor areas and do consistent and solid work in this regard without relaxing efforts to thoroughly change the backward conditions in the poor areas.

It is now the spring plowing and planting season. In general, spring farm work this year is being fulfilled

better than in previous years. According to the reports from various localities, one of the prominent problems in this year's spring farm work was the stockpiling of farm products in some localities. This directly affected the peasants' production input. Moreover, the production of summer grain and oil-bearing crops was uneven; the spring drought in the northeast region is still continuing; farm-use diesel oil is still in short supply; and some localities have not effectively implemented the measures for developing agricultural production. Joint efforts should be made and measures should be adopted to solve these problems one by one.

### Yangtze Hydro-Electric Dam Decision Expected

HK0606020990 Hong Kong SOUTH CHINA MORNING POST in English 6 Jun 90 p 11

[By Willy Wo-lap Lam]

[Text] Beijing is set to make a decision on whether to build a giant dam on the Three Gorges along the Yangtze River.

The hydro-electricity project, which was expected to cost more than US\$10 billion (HK\$78 billion [Hong Kong dollars]) and provide a fifth of China's electricity needs, had been shelved because of heated opposition from economists and environmentalists.

However, arguments in favour of the project have been revived following a suggestion that it is vital to the prosperity of the Yangtze River delta zone, which is centred in the newly demarcated Pudong industrial zone in Shanghai.

State Councillor Mr Chen Junsheng said in Beijing yesterday that the State Council Review Committee on the Three Gorges project would shortly call a meeting to listen to comprehensive reports.

The official CHINA NEWS SERVICE quoted Mr Chen as saying: "The party Central Committee and the State Council will make the decision on when and how the project will be implemented."

Mr Chen was speaking at the end of a conference to discuss the comprehensive exploitation of the resources of the Yangtze River region.

The State Councillor said that to help the development of Pudong, the country must aim for "overall arrangements and harmonious developments to build the Yangtze River delta into a prosperous economic corridor".

Chinese sources said the pro-dam lobby, headed by the Prime Minister, Mr Li Peng, now has a good chance of getting the project off the ground.

A recently completed State Council study on the comprehensive planning of the Yangtze zone has recommended the country step up exploitation of hydro-electricity along the river's upper reaches.

At the same time, the anti-dam lobby, which mostly consists of liberal intellectuals, has been lying low in the wake of Beijing's campaign against bourgeois liberalisation.

Since the project was conceived in the early 1980s, social scientists have argued that the Government has grossly understated its costs and that a series of small hydro-electric stations would make more economic sense.

They also contend the project would wreak irrevocable havoc on the environment. For example, the dam would flood about a million peasants out of their homes.

A Western diplomat said: "This is Li Peng's best chance of securing his pet project."

"Pudong is a good excuse for building the dam. Moreover, at a time when Beijing's ideologues are stressing total obedience to central directives, its opponents are not expected to put up much of a fight."

### Chen Junsheng on Yangtze River Basin Development

OW0506142390 Beijing XINHUA in English 1137 GMT 5 Jun 90

[Text] Beijing, June 5 (XINHUA)—China will concentrate on the development of the Yangtze River basin, in line with the overall plan of the country's economic and national land development in the coming decade, State Councillor Chen Junsheng said today.

Addressing the closing ceremony of an examination of the overall plan for Yangtze River basin development, Chen said, "We should build the two banks of the river into a prosperous economic corridor."

The State Council has just designated the Pudong area in Shanghai, also on the river, a major economic development zone.

He said the overall plan for the river's comprehensive development is the basic reference for the exploitation of water resources and flood control. It will exert a great influence on the development of industry, agriculture, energy, communications, and urban and rural construction, as well as other economic fields, he said.

Statistics show that the Yangtze River basin has one third of the country's population and over half of China's hydropower resources. Shanghai, Nanjing, Wuhan, Chongqing and other important cities are located along the river.

China started to draft a plan for the long-term development of the area in 1983 and submitted it to experts from across the country for examination a week ago.

According to an official from the Ministry of Water Resources, experts have generally agreed on the plan, which will be submitted to the State Council soon.

### East Region

#### Mao Zhiyong To Maintain University Links

HK0806125790 Nanchang Jiangxi Provincial Service  
in Mandarin 1000 GMT 7 Jun 90

[Text] In order to strengthen party-building work in various Jiangxi-based institutions of higher learning and successfully run socialist universities and colleges, the Jiangxi Provincial CPC Committee has recently decided to continue to undertake study of all the major issues concerning various Jiangxi-based institutions of higher learning at irregular intervals and establish a system under which all the leading comrades of the Jiangxi Provincial CPC Committee will each maintain constant links with a Jiangxi-based institution of higher learning.

The Jiangxi Provincial CPC Committee decided that:

1. Mao Zhiyong, secretary of the Jiangxi Provincial CPC Committee, will maintain constant links with Jiangxi Agriculture University;
2. Wu Guanzheng, deputy secretary of the Jiangxi Provincial CPC Committee and concurrently governor of Jiangxi Province, will maintain constant links with Jiangxi University;
3. Liu Fangren, deputy secretary of the Jiangxi Provincial CPC Committee, will maintain constant links with Jiangxi Teachers' University;
4. Jiang Zhuping, deputy secretary of the Jiangxi Provincial CPC Committee and concurrently executive vice governor of Jiangxi Province, will maintain constant links with Jiangxi Industrial University.

The Jiangxi Provincial CPC Committee also demanded that party and government leaders of various cities and prefectures of Jiangxi Province frequently go to various institutions of higher learning in their own areas to carry out investigations and research and strengthen contacts with various institutions of higher learning in their own areas.

The Jiangxi Provincial CPC Committee also decided that Wang Taihua, member of the Standing Committee of the Jiangxi Provincial CPC Committee and concurrently director of the Propaganda Department of the Jiangxi Provincial CPC Committee, will lead the Organization Department of the Jiangxi Provincial CPC Committee, the Propaganda Department of the Jiangxi Provincial CPC Committee, the Leading Party Group of the Jiangxi Provincial Education Commission, and the Work Committee of the Jiangxi Provincial Organs to study and formulate specific measures, strengthen cooperation, and clearly define responsibilities aimed at strengthening and promoting party-building work in various Jiangxi-based institutions of higher learning.

### Central-South Region

#### Guangzhou City Names Li Ziliu Acting Mayor

OW0706195290 Beijing XINHUA in English  
1349 GMT 7 Jun 90

[Text] Guangzhou, June 7 (XINHUA)—Li Ziliu, deputy mayor of Guangzhou city in south China's Guangdong Province, was made acting mayor of the city today at the 18th Session of the Standing Committee of the Ninth Guangzhou Municipal People's Congress.

A native of Guangdong's Shunde county, the 58-year-old Li became deputy secretary of the Chinese Communist Party Committee of Guangzhou city in May 1990.

In December 1989, he became director of the special economic zone office of the Guangdong Province and secretary of the leading party committee of the office.

Yang Ziyuan, former Guangzhou city mayor, resigned for reasons of age at the congress session yesterday.

#### Says City To Be 'One Step Ahead'

HK0806024190 Hong Kong SOUTH CHINA  
MORNING POST in English 8 Jun 90 p 10

[By Daniel Kwan in Guangzhou]

[Text] Guangzhou will be one step ahead of the rest of the country in the process of reform and opening to the outside world, said the city's newly appointed acting mayor, Mr Li Ziliu.

Mr Li was appointed vice-mayor and acting mayor yesterday upon the retirement of mayor Yuan Ziyuan, who had stepped down for health reasons.

In a talk with Hong Kong reporters this week, Mr Li outlined a series of reform measures which he said would be implemented in Guangzhou in the Eighth Five-Year Plan period.

A close associate of the former Chinese Communist Party Secretary, Mr Zhao Ziyang, Mr Li's star has been rapidly rising.

In the space of one month, Mr Li was promoted from director of the Special Economic Zone Office of Guangdong province to party vice-secretary of Guangzhou and then his present position.

The measures outlined by Mr Li included establishment of the Guangzhou Stock Exchange, reform of state-owned enterprises and improving the contract and managerial responsibility systems.

He said Guangzhou was pursuing the possibility of allowing foreign banks to set up branches in the provincial capital and the final hurdle would be approval from the central Government.

"As far as the issue of allowing foreign banks to open branches in Guangzhou is concerned, we are totally supportive," Mr Li said.

He also said the city was planning to invest 20 billion yuan (HK\$33 billion [Hong Kong dollars]) in the eighth Five-Year Plan period to renovate the obsolete state-owned enterprises.

Other reform measures include the opening up of the property market.

As an assurance that Guangzhou would further reform and open to the outside world, Mr Li said: "Further expanding the reform and open door policy is our only way to survive the economic austerity programme."

Chinese sources said the central Government had already approved the opening of a Guangzhou branch of the Nanyang Commercial Bank of Hong Kong.

The measures outlined yesterday were put on hold in most of the country since the quasi-capitalistic policies advocated by Mr Zhao encountered stiff opposition from the conservative faction in the party in mid-1988.

#### **Shenzhen Appoints Zheng Liangyu New Mayor**

OW0706183390 Beijing XINHUA in English  
1503 GMT 7 Jun 90

[Text] Shenzhen, June 7 (XINHUA)—Zheng Liangyu, deputy secretary of the Shenzhen City Communist Party Committee, was recently appointed mayor of Shenzhen city by the Guangdong Provincial People's Government.

At the same time, Li Hao, secretary of the Shenzhen city party committee, was relieved of his post as mayor.

A native of Shanghai, Zheng, 56, became deputy secretary of the Shenzhen party committee last April.

Before that, he had served as secretary of the Xuzhou city party committee and director of the foreign affairs office of Jiangsu Province.

Preparations are under way for the establishment of the people's congress of Shenzhen city.

#### **Henan's Hou Zongbin Inspects Xinzheng County**

HK0806051190 Zhengzhou Henan Provincial Service  
in Mandarin 2200 GMT 6 Jun 90

[Excerpts] On the afternoon of 5 June, Hou Zongbin, secretary of the Henan Provincial CPC Committee, inspected Xinzheng County and some rural areas near Zhengzhou City. [passage omitted]

During his inspection, he repeatedly called on all areas concerned in Henan to make full use of the current opportune moment to carry out rush-harvest and rush-threshing, and strengthen fire-prevention work and work aimed at preventing and curing plant diseases.

Comrade Hou Zongbin urged cadres at all levels to learn from Comrade Jiao Yulu and go deep the grassroots level to help the peasants solve problems and overcome difficulties.

During his inspection, he also held talks with cadres working at the grass-roots level and peasants as well, and asked them about their work, production, and livelihood. [passage omitted]

### **Southwest Region**

#### **Militia Formed Under Tibet Commerce Department**

OW0706113890 Lhasa Tibet Television Network  
in Mandarin 1200 GMT 5 Jun 90

[By station reporters (Xiang Bin) and (Zhang Baikang); from the "Tibet News" program]

[Text] [Video shows a group of militiamen marching into a building] In compliance with a joint instruction on militia work issued by the people's government of this autonomous region and by the Tibet Military District, a militia company has been formed officially by the units directly under the regional department of commerce with the assistance and guidance of the Lhasa Military Sub-district and the Lhasa City People's Armed Forces Department.

[Video cuts to show a meeting room where leaders, some in military uniform, are seated at a long table facing militiamen carrying guns seated in rows] An inaugural meeting for this militia company took place at the regional Industrial Products Import and Export Corporation on 5 June. Present at the meeting were (Suolang Qunzhong), deputy director of the department of commerce; (Jiang Huanjun), commander, and (Dengba Cizhen), political commissar of the Lhasa City Military Sub-district; as well as leaders of the Lhasa City People's Armed Forces Department. [Video gives a closeup of a military leader delivering a speech] At the meeting, this militia company was encouraged to improve its ideological education; its organizational and style of work; beef up military training; earnestly implement the party's line, principles, and policies; carry forward the fine tradition of militia work; and contribute to Lhasa's stability under the leadership of the higher authorities concerned.

[Video gives pan shots of militiamen at the meeting] A militia representative said that his company would strive to study, adhere to the four cardinal principles, and painstakingly learn military skills. In addition, he said that his company would also play an exemplary and leading role in promoting production, and make fresh contributions to building a new socialist Tibet and to safeguarding national unity and the unification of the motherland.

## North Region

### Li Ximing Inspects Beijing Pharmaceutical Plant

SK0706021590 Beijing BEIJING RIBAO in Chinese  
11 May 90 p 1

[Text] While conducting investigations and study in the Beijing pharmaceutical plant on the morning of 10 May, Li Ximing, secretary of the municipal party committee, emphatically pointed out that enterprises should exert efforts to attend to party building, particularly the large and medium-sized enterprises with glorious traditions should bring into full play their political advantages, strive to keep forging ahead and build their staff and worker contingents under the new situation of reforms and opening the country to the outside world, and make more contributions to the country.

The Beijing pharmaceutical plant was established in the Taihangshan revolutionary base in 1939. So, it is an old enterprise with glorious revolutionary traditions. Over the past 40 years since the founding of the PRC, the plant has handed over more than 1 billion yuan of profits and taxes to the state and made contributions to enlivening the motherland's medical undertakings and protecting the people's health.

After looking the plant's production situation and asking about its work related to party building, Li Ximing pointed out: At present, our municipality is beginning to come out of a decline in industrial production. However, there are many difficulties. We must not slacken our guard but should continue to make efforts to conscientiously attend to industrial production.

He stressed: Enterprises should exert great efforts to promote party building. Under the new situation of reforms and opening the country to the outside world, all old enterprises with the glorious traditions of arduously doing pioneering work and good political work experiences, just like the Beijing pharmaceutical plant, should persist in and carry forward the fine traditions better. He said: The work of reforms and opening the country to the outside world must not be shaken but should be persisted in. The work of reforms and opening to the outside world will bring some new contradictions and problems to us as well as the influence of the ideas of the capitalist class. So, we must strengthen ideological and political work, continue to carry forward the party's fine traditions on the one hand, and keep forging ahead in the course of reforms and opening the country to the outside world on the other hand.

Li Ximing said: We must conscientiously implement the mass line in order to strengthen party building, conscientiously follow the mass line in formulating policy decisions, fully carry forward democracy, and accept supervision by the masses.

He said: The situation in all spheres is comparatively complicated and there are many contradictions. Neither plant directors nor enterprise secretaries can make final

decisions. So long as we conscientiously consult with various fronts we will possibly avoid making mistakes in many spheres.

Li Ximing said: I learned much from listening to the reports by the national advanced units and model workers at the Great Hall of the People the day before yesterday. They have two experiences. One is that the party's grass-roots organizations are strong and vigorous. The other is that party-member leading cadres are strong and vigorous. The exemplary deeds of the advanced units and the model workers fully embody the attractiveness and cohesive power of the socialist system and the characteristics of the communist party members. He urged that party organizations of the grass-roots enterprises and their party-member leading cadres should learn from the advanced, strengthen their political awareness, and theoretically make improvement.

Li Ximing fully affirmed the plant's practices of organizing party members, staff members, and workers to attend party classes and study theories. He said: Attending party classes and studying theories is an important method to upgrade the quality of the staff and worker contingents. We should pay particular attention to enabling young, excellent staff members and workers and the workers in the forefront of production lines to attend the classes. At present, we should firmly attend to studying and solving the problems that party-member workers account for a small number of the total workers in the forefront of production lines and only a small number of young people are party members.

While conducting investigations and study in the plant, Li Ximing also cordially held talks and had lunch with workers.

### Beijing Service Workers Training for Games

OW0706120490 Beijing XINHUA in English  
0701 GMT 7 Jun 90

[Text] Beijing, June 7 (XINHUA)—More than 570,000 personnel from Beijing's commercial, service, medical, public transport and tourism departments have received training to improve their service.

Beijing has about 620,000 people working in its service sector. The city is now upgrading the skills of workers in service trades in preparation for the 11th Asian Games to be held in Beijing in late September.

The city will hold a quality service exercise from June 15 to 17 and a two-week quality service contest will be held after.

### Beijing To Plant More Vegetables for Asia Games

OW0706120990 Beijing XINHUA in English  
0659 GMT 7 Jun 90

[Text] Beijing, June 7 (XINHUA)—Beijing will plant about 6,353 hectares of vegetables this summer, 10 percent more than last summer.

The municipal government plans to supply 165,000 tons of vegetables to Beijing markets for the 11th Asian Games set to begin in Beijing in late September.

The city has set up nine special vegetable production centers in its suburban areas to supply hotels and restaurants that receive foreigners. More than 130 kinds of vegetables, including broccoli, lettuce and celery, from the United States, Japan, France and other countries have been introduced.

### Inner Mongolian Leaders Go to Grass Roots

HK0806020190 Beijing RENMIN RIBAO in Chinese  
24 May 90 p 3

["Dispatch" by Ao Teng (0277 7506) and Li Xiaofeng (2621 2556 1496): "Inner Mongolian Leaders at All Levels Take the Lead in Going to Grass-Roots Levels"]

[Text] Hohhot City, (RENMIN RIBAO)—Inner Mongolian Autonomous Regional CPC Committee, and the government have taken as one of the key forms for dispatching party and government organ cadres to the grass-roots levels, the building of work connection points at various levels of party and government cadre leaderships and leading organs. At present, leading comrades at the Autonomous Regional Party Committee Standing Committee and at various regional leading groups have all identified one- or two-banner counties and one institute of higher learning as their own work connection points. In all, 20 leading autonomous regional party and government comrades have jointly established 38 work connection points.

Last year, secretary of the autonomous regional party committee, Wang Qun took for himself Linhe City in Bayannur League, as his own work connection point, where he directed the city in conducting pilot integrated structural reform, and achieved success. This year he has taken Qahar Right Wing Front Banner as his work connection point. Chairman of the autonomous region, Bu He, based on the experience of his stay in Dalad Banner work connection point last year, included this year's key state agricultural developmental zones, and Jirem League, a major regional grain production area, in the work connection point network. Following the establishment of work connection points, leading autonomous regional party and government comrades have frequently gone deep among the grass roots to launch work.

At present leading party and government comrades of the region's 12 leagues and cities, and 100 banners, counties and urban areas, and leading comrades of various departments under direct regional authorities, have all set up their own work connection points.

### Tan Shaowen Speaks on Policy-Making

SK0706001190 Tianjin City Service in Mandarin  
2200 GMT 29 Apr 90

[Text] The municipal conference on investigations and study continued on 29 April. Tan Shaowen, secretary of the

municipal party committee, gave an important speech at the conference. He stressed that intensifying policy study has a particularly important significance at present, and called for close combination of investigations and study with scientific policymaking, and further development of the role of policy consulting organs as advisers.

Municipal leading comrades, including Tan Shaowen, Wu Zhen, Yang Huijie, Qian Qiao, He Guomo, Fang Fang, Li Jianguo and Fang Fengyou, attended the session on the afternoon of 29 April.

Tan Shaowen stressed in his speech: Intensifying policy study has a particularly important significance at present. Our party has always attached importance to the investigation and study work. Both positive and negative experiences accumulated over many years proved that correct policymaking is often linked with in-depth investigations and study and clear understanding of the situation. To ensure that our policies are correct and effectively implemented, we should intensify policy study. Meanwhile, we should establish and improve democratic and scientific systems for policymaking and for implementation of policies. The reason why the party Central Committee particularly stresses the need to attach importance to and intensify policy study at present is that the situation we encounter today is more complicated, new conditions and new problems in the current political, economic and social life are emerging in endless streams, and policymaking becomes much more difficult. Another reason why it is all the more important to intensify policy study is that policymaking is an issue concerning the ties between the party and the masses. There are many ways to maintain close party-populace ties, and a great amount of work remains to be done. A very important one, however, is that we should conscientiously and successfully conduct investigations and study in order to learn the masses' opinions and desires in a timely manner, and after conscientious analysis and study, we should formulate correct policies and measures to help the masses resolve difficulties, and carry out practical work to benefit them through all possible means so that we can truly win the trust of the masses, and guarantee the smooth implementation of the party's line, principles and policies. There was a saying among the people of our municipality over the past few years: the party and the government carry out practical work for the people, and the people back up the party and the government. This is a very vivid portraiture.

Tan Shaowen said: We should closely combine investigations and study with correct policymaking. On one hand, investigations and study should reflect the actual conditions, and should serve policymaking. On the other hand, policymakers should have the ability to adopt the results of the investigations and study of various fields. The reason why some of our policies were erroneous or failed was that policymaking was separated from investigations and study, that investigations and study were conducted in a perfunctory manner, and no scientific appraisal was made, or that policymakers did not care to learn from or adopt the results of the study, and made

policies on the basis of their experiences alone. Therefore, we should exert efforts in two areas. When departments and comrades in charge of investigation and study work conduct policy study, they should 1) have a definite purpose in mind, 2) consider the possibility and 3) have foresight. As far as leading policymaking organs are concerned, they should, first, attach importance to and adopt the results in policy study and, regarding the policies that have an important bearing on the (whole situation), should particularly see to it that no policy is made without investigations and study, and without appraisals. Second, in the process of policymaking, they should strictly implement the principle of democratic centralism, and persistently conduct consultation before making policies. Regarding the important policies concerning the whole situation, they should invite representatives from various circles to conduct sufficient consultation and make appraisals, weigh the advantages and disadvantages, and select the best ones. Third, they should conduct follow-up investigations and study in the process of implementing the policies so as to improve and revise them in a timely manner in line with the new situation. Fourth, leading persons should go deep into the reality of life to conduct investigations and study, and devote most of their time to investigations of the situation and study of problems so that they can truly become [words indistinct] of policies.

Speaking on further developing the role of policymaking consulting organs as advisers, Tan Shaowen pointed out that the research and consulting institutions of party and government organs are the advisory departments and think tanks in the service of party and government leaders. He pointed out: An important issue at present is how our leading bodies at various levels can better use the research departments, and enable them to play a greater role in serving as advisers and assistants to leading people. Meanwhile, how the work of policymaking consulting organs is done decides, to a great extent, whether policies are scientific and correct. A rather conspicuous problem at present is that the quality of many research institutions and personnel is not compatible with their tasks. For this reason, we should greatly strengthen the self-improvement of research departments, strive to raise the Marxist theoretical level of all their personnel, and adopt various measures to improve the professional proficiency of research personnel. Personnel conducting investigations and study should persistently emancipate their minds, and set an example in seeking truth from facts, and in integrating theory with practice.

In his speech, Wu Zhen, chairman of the municipal People's Congress Standing Committee, said that it was hoped that this conference would help create throughout the municipality a trend to conduct investigations and study vigorously.

Yang Huijie, vice chairman of the municipal advisory commission, spoke on several issues concerning our municipality's current and long-term economic development.

On the morning of 29 April, Yang Jingheng, Wang Xudong, Lu Xuezheng and Huang Yanzhi, Standing Committee members of the municipal party committee, and Yang Hui, vice chairman of the municipal committee of the Chinese People's Political Consultative Conference, held discussions with participants at the conference.

Zheng Keyang, deputy director of the Policy Research Office of the CPC Central Committee, and (Dong Qiliang), director of the information research department of the State Council Development Research Center, attended the conference.

## Northwest Region

### Xinjiang Military Trains Minority Cadres

HK0806032790 Beijing RENMIN RIBAO in Chinese  
24 May 90 p 3

[Article by Yang Gongcheng (2799 0501 2052) and Chen Yan (7115 8746): "Officers and Men of Minority Nationalities of the Xinjiang Military District Are Fast Maturing"]

[Text] The Xinjiang Military District is enthusiastic in politically caring for officers and men of minority nationalities, gives them a free hand in their work, and gives every care to their life. As a result, young people of minority nationalities coming from different parts of Xinjiang have tempered themselves into servicemen qualified for "four haves" and also become the backbone of safeguarding national unity.

Over the past few years, the Xinjiang Military District has paid attention to recruiting new party members from outstanding officers and men of minority nationalities. Some armed units allocate special funds for buying political theoretical books and subscribing to newspapers in minority languages for officers and men of minority nationalities. Documents and studying materials distributed to companies of minority nationalities are usually translated into different minority languages. Armed units also select and send outstanding officers and men of minority nationalities to party schools and military academies for further studies. According to statistics, 60 percent of cadres of minority nationalities of the military district have attended classes for self-study and schools offering courses through correspondence, and 30 percent of them have obtained diplomas of universities, vocational schools, and middle schools. Now military, political, and logistics departments at different levels of the Xinjiang Military District have been provided with cadres of minority nationalities, and three senior commanders of the Uyghur nationality have become generals of the second generation of our country. To give consideration to habits and customs of officers and men of minority nationalities, all armed units of the military district guarantee them the supply of beef and mutton and there are Muslim dining halls specially for them.

Thanks to the profound concern of armed units, offices and men of minority nationalities now love the motherland more ardently and feel at ease to safeguard the motherland and border areas. Figures show that over the past three years, 35 percent of officers and men of minority nationalities were rewarded for their meritorious service, 25 people were set as good examples by People's Liberation Army General Political Department, the Central Chinese Communist Youth League Committee and the Lanzhou Military Region, and some companies of minority nationalities were cited as advanced collectives in building the grass-roots units.

### Commentator Lauds Riot-Quelling Heroes

OW0806024690 Urumqi XINJIANG RIBAO in Chinese  
 23 Apr 90 p 1

[Article by XINJIANG RIBAO commentator]

[Text] An armed counterrevolutionary rebellion, which was organized and planned beforehand, was smashed at one stroke. You comrades who were called to quell the rebellion—including armed policemen, public security officers and men, and militiamen of various ethnic groups, have accomplished a new feat, with the assistance of all ethnic people, in protecting lives and property, maintaining overall stability in Xinjiang, and defending the unity of the motherland. The party and Government are grateful to you! All ethnic groups in Xinjiang thank you!

For quite a while recently, a small number of people—including fugitive criminals, those released from reform-through-labor camps, habitual thieves, and hoodlums—who gathered in Baren Township, Akto County, and who harbored the evil goal of opposing the Communist Party and the people's regime, opposing socialism, breaking up the unity of the motherland, and disrupting interethnic solidarity, had been wantonly carrying out counterrevolutionary activities. They openly provoked grass-roots organizations of the people's regime, threatened public security officers and men, and intimidated cadres and their family members. They ran amok in the township, menacing and insulting patriotic, religious people. They forced their way into houses, beat people up, and extorted food and money from them. They rounded up horses and provisions, and stocked up with arms and ammunition. Using religion as a front, they forced people to "take an oath," and openly propagated, and mobilized for, their counterrevolutionary rebellion. They even seized military weapons and materiel, and brutally killed armed police officers and men. They destroyed military, and took away other, vehicles. They surrounded and assaulted armed police and public security officers and men. They frantically fired at cadres and armed police who were confined in the courtyard of the township government building. They launched an armed counterrevolutionary rebellion. At this crucial moment,

you demonstrated an indomitable spirit and were fearless of hardships and shedding your own blood. With the support of all ethnic groups, you took resolute measures and dealt a severe blow at the counterrevolutionary scheme of the small number of thugs. You carried out the ethnic and religious policies of the party and the iron discipline of the People's Army in an exemplary fashion. You demonstrated the glorious tradition of the People's Army's love for the people. You were under attack from all sides by the masses who were either instigated or coerced by the small number of counterrevolutionary thugs and did not have a clear picture of the situation, and were hardly able to tell comrade from enemy. Humiliated and beaten, you would rather shed your own blood or be kidnapped than fire at the masses. You did not mistakenly injure one innocent soul. You demonstrated the lofty virtue of being able to endure humiliation in order to carry out an important mission. You demonstrated the heroic revolutionary spirit of enduring continuous fighting. In spite of hunger, thirst, and cold weather, you vigorously pursued and fiercely mauled fleeing counterrevolutionary thugs, letting no one escape from you. With loyalty and righteous ardor, you defended the unity of the motherland and interethnic solidarity, and protected the fundamental interests of all ethnic groups in Xinjiang. You proved yourselves to be the loyal defenders of the unity of the motherland. You proved yourselves to be the strong pillars of the people's democratic dictatorship. You proved yourselves to be the great wall of steel of all ethnic people. We sincerely extend our cordial regards to all officers and men who rendered their exceptional service in this battle! We extend our high respect to those comrades who were wounded in this battle! We give our heartfelt condolences to those revolutionary martyrs who heroically gave their lives in this battle!

Dear officers and men, the counterrevolutionary rebellion showed that it was an extremely reactionary political force that conducted splittist activities and engineered armed counterrevolutionary riots. However, they were just a small handful. Fundamentally, their scheme of breaking up the unity of the motherland and undermining interethnic solidarity was a sheer departure from the interests and wishes of all ethnic people in Xinjiang, and, therefore, was doomed to end with failure. Nevertheless, the splittist forces at home and abroad will not resign themselves to defeat. They will continue to stir up trouble. We, therefore, must not lower our guard a bit. All ethnic people who have lived on the soil of Xinjiang for generations have a profound feeling for the party and the socialist motherland. We strongly believe that, with the loving care and strong support of the party Central Committee, the powerful backing of the People's Liberation Army, public security force, and armed police, and the support of all ethnic militiamen on our side, no subversion, sabotage, or splittist scheme by any domestic or foreign enemy will ever succeed. We are full of victorious confidence that we shall be able to stabilize Xinjiang and accomplish our four modernization programs.

### **New Exit, Entry Regulations Effective 1 Jul**

OW0806032790 Taipei CNA in English 0251 GMT  
8 Jun 90

[Text] Taipei, June 8 (CNA)—Various government departments approved Thursday regulations governing exit from and entry into the Republic of China after the cancelation of the entry and exit permit system on July 1 this year.

People who have their domiciles in the Taiwan area (including Kinmen and Matsu) no longer need to hold entry and exit permits while entering or leaving the nation; other people must still apply to enter or leave the nation according to the current regulations.

Chinese travelers, including people from Taiwan, Kinmen, Matsu, the China mainland, Hong Kong, Macao, and overseas Chinese, must supply airlines or shipping companies with their identification card numbers (or exit permit numbers), names, birth dates, and native places so the appropriate departments can be notified.

### **Foreign Trade Board Promotes East Europe Trade**

OW0806043190 Taipei CNA in English 0233 GMT  
8 Jun 90

[Text] Taipei, June 8 (CNA)—The Board of Foreign Trade [BOFT] will actively promote trade ties with East European countries by revising current trade laws and regulations, Sheu Ke-sheng, BOFT director general, said Thursday.

BOFT has already given priority to East European countries in its global trade promotion plans, Sheu said.

The semi-official China External Trade Development Council (CETRA) is drafting an Eastern Europe trade promotion plan to help local manufacturers exploit markets there; the proposed plan will be implemented in the second half of this year, Sheu said.

Asked whether South Korea's move to establish diplomatic and economic ties with the Soviet Union and Eastern Europe would have an adverse impact on the ROC's [Republic of China] interests, Sheu said that South Korea is in a better position in the development of trade with Eastern Europe. Nevertheless, "We will do our best to overcome the difficulties facing us."

"We will neither impose restrictions nor grant preferential treatment to local manufacturers in the process of developing trade with Eastern Europe," he stressed.

### **Transportation Tax Exemption With Japan Approved**

OW0706225290 Taipei CNA in English 1515 GMT  
7 Jun 90

[Text] Taipei, June 7 (CNA)—The cabinet Thursday approved a draft mutual transportation tax-exemption agreement with Japan under which the Republic of

China [ROC] would exempt Japanese air and sea transportation operators from the payment of ROC income taxes on a reciprocal basis.

The agreement, prepared by the Finance Ministry, would be signed by Taipei's Association of East Asian Relations (AEAR) and Tokyo's Interchange Association on behalf of the two countries, the ministry said.

Since the ROC and Japan severed diplomatic relations 18 years ago, AEAR and the Interchange Association have represented the interests of their countries in the other's capital.

The two countries signed a mutual tax-exemption agreement on air transportation in 1980. Tokyo offered to sign a similar agreement on sea transportation in 1988 but Taipei failed to respond positively until recently.

The new tax-exemption agreement covering both air and sea transportation business will be retroactive from Jan. 1, 1989, the ministry said.

### **President Li Teng-hui Appoints Vice Ministers**

OW0806041690 Taipei CNA in English 0236 GMT  
8 Jun 90

[Text] Taipei, June 8 (CNA)—President Li Teng-hui in a presidential decree appointed a number of political vice ministers in the cabinet Thursday.

The political vice ministers are: Gen. Chen Shou-shan, vice defense minister; Chen Meng-ling, political vice minister of Interior Ministry; Charles Shu-chi King, of the Foreign Ministry; Lai In-jaw, of the Finance Ministry; Chao Chin-chi, of the Education Ministry; Lin Hsi-hu, of the Justice Ministry; Chiang Pin-kung, of the Economics Ministry; Ma Chen-fang, of the Communications Ministry; and Hsu Ming-si, Ko Wen-fu, and Ming Chen-hua, vice chairmen of the Overseas Chinese Affairs Commission.

Among the political vice ministers, Cheng Meng-ling, Chiang Pin-kung, Ma Chen-fang and Ming Cheng-hua were new appointees while the others were retained from the former cabinet.

### **New Political Group Registration Approved**

OW0806042090 Taipei CNA in English 0239 GMT  
8 Jun 90

[Text] Taipei, June 8 (CNA)—The Ministry of Interior formally approved the registration of a new political group, the Anti-Communist and Patriotic Alliance, formed by those who had pursued advanced studies in the United States.

The goals of the newly-founded political group were listed as: 1) serving the country and the society; 2) opposing totalitarian dictatorship and promoting democracy; 3) opposing violence and working toward peaceful unification; and 4) achieving secessionism and asserting the unification of China.

The 168-member political group was formally inaugurated at a general meeting held May 5. The group's executive chairman is Dr. Chen Yee-yang, dean of

studies of National Chiaotung University, and Chiao Jen-ho, press secretary for the Presidential Office and Yu Mu-ming, a legislator, serve as deputy chairmen.

## Hong Kong

### Editorial Sees MFN Passage More Difficult

HK0806030790 Hong Kong SOUTH CHINA  
MORNING POST in English 8 Jun 90 p 26

[Editorial: "China Makes the MFN Job Harder for Bush"]

[Text] China would be making a mistake if it assumed that President Bush's decision to renew its Most Favoured Nation [MFN] status was the end of the matter. It is a hazard of democracies that the executive is answerable to the legislature, and thereby the people, and that process is in full swing at present. The Congressional hearings this week reflect rising resentment at the President's decision, much welcomed in Hong Kong, where the loss of MFN status for China would be a grievous blow to the economy.

Hong Kong's case was put forward again yesterday at a conference at the State Department by legislator Mr Stephen Cheong and businessman Mr Eric Hotung, who described MFN as "the 1997-bound locomotive that will bring stability to Hong Kong and the rest of Asia". He rated it as highly as the Basic Law, the Bill of Rights and the Joint Declaration in preserving the territory's special status under Chinese rule. Mr Cheong argued that the economic progress China needs to make before greater freedoms can be achieved will be jeopardised if Hong Kong's trading base is undermined.

At the same gathering, one Congressman warned of the mounting opposition among politicians who are not convinced that China is making the desired progress on human rights. He said it was "not going to be an easy job" to muster the support needed to approve MFN renewal for China. If politicians, incensed by Beijing's attitude, try to attach a series of conditions to continued MFN status, such as an end to abuses in Tibet or the release of more political prisoners, China would be unlikely to promise compliance.

The past week in China will have sent conflicting signals to Washington which will not impress Capitol Hill. It was clumsy, unnecessary and foolish of the Beijing security officials to illtreat foreign journalists during the June 4 anniversary. The sight of reporters and photographers being roughly handled while going about their business counteracts the credit China intended to gain by releasing another 97 dissidents from detention.

One of Mr Bush's most senior aides, Mr Richard Solomon, described the treatment of the journalists as "despicable behaviour", and said the administration regarded China's human rights record as "deeply disturbing". His strong language, intended to pacify angry senators, was not sufficient to satisfy them. Leading Republican Jesse Helms said: "There are many evil regimes in this world today but none deserves more to be overthrown by its people than the one in Beijing." Such

inflammatory rhetoric is unhelpful, but it should indicate to China how strongly feelings are still running, even in conservative quarters. The presence of fugitive dissident leader Ms Chai Ling at the Congressional hearings will have acted as a powerful reminder of what happened in Tiananmen Square last year.

If the leadership in Beijing decides to single out and punish students who joined in the bottle-breaking protests on Sunday and Monday nights at the university, that will be received very badly in the United States, and it will make the President's task of "selling" MFN status all the harder.

### PRC Official: Hong Kong 'Subversive Base'

HK0806101890 Hong Kong AFP in English 0921 GMT  
8 Jun 90

[Text] Hong Kong, June 8 (AFP)—Hong Kong appears to have indeed become a base for subversion against Beijing, a top Chinese official said Friday in reference to huge demonstrations here marking the first anniversary of the June 4 Beijing massacre.

Li Hou, deputy director of China's Hong Kong and Macao Affairs Office, was quoted by the local SING TAO evening newspaper as saying in Beijing: "This time Hong Kong does look like a (subversive) base."

China has repeatedly warned the British colony, which reverts to Chinese rule in 1997, not to become a "subversive, reactionary base against the motherland."

The warnings followed an outpouring of anti-Beijing sentiment here triggered by the turmoil on the mainland a year ago.

"During the so-called June 4 anniversary, Hong Kong whipped up the most noise. No other place in the world was as noisy as you were," Mr. Li was quoted as saying.

"Hong Kong staged a protest march, shouting 'against one-party rule, against dictatorship,'" Mr. Li said. "This is most detrimental to the relationship between Hong Kong and the mainland."

"Whipping up winds and rain will not help improve our relationship," he said.

More than 100,000 Hong Kong people took part in a protest march Sunday and in a candlelight vigil Monday to mourn those who died when troops cracked down on pro-democracy demonstrators in Beijing last year.

The events were organised by the Hong Kong Alliance in Support of the Democratic Movement in China, which Beijing has labelled as "subversive."

Governor Sir David Wilson has called for China's understanding on local people's right to freedom of speech.

**PRC Urges Probe for XINHUA Shooting**

*HK0806013390 Hong Kong HONGKONG STANDARD  
in English 8 Jun 90 p 1*

[By staff reporters]

[Text] Senior Chinese officials yesterday pressed Hong Kong authorities to conduct a full investigation into the shooting incident at a XINHUA building and prevent its recurrence.

China has also made diplomatic representations to the British authorities in Beijing and Hong Kong.

A Government spokesman said yesterday: "The XINHUA NEWS AGENCY Hong Kong branch and the Chinese Ministry of Foreign Affairs in Beijing have made representations on the matter. Police inquiries on the incident are continuing."

Describing the incident as a serious matter, Li Hou, deputy director of the Hong Kong and Macao Affairs Office under the State Council, said in Beijing yesterday that the British administration in Hong Kong should be held responsible and should make a thorough investigation.

Fired from a powerful handgun, a bullet shattered a window of the new 22-storey XINHUA building in Wan Chai around the June 4 anniversary of the crackdown on the democratic movement in China.

"The personal safety of the XINHUA employees should be ensured. The Hong Kong Government should step up security measures," Mr Li said.

He said the Chinese side could not investigate the incident because the Hong Kong Government administered the territory.

Another deputy director of the office, Lu Ping, said: "It is hoped that the British administration in Hong Kong can take prompt measures to stop such incidents."

On Thursday, the XINHUA director in Hong Kong, Zhou Nan, also described the incident as "very very serious."

Commissioner of Police Li Kwan-ha said yesterday that police are investigating the shooting.

He said: "The police are concerned with all criminal cases, especially violent crimes, including the one occurred at a new building of the XINHUA headquarters."

"We will try our best to investigate the case."

A British Foreign Office spokesman said in London yesterday: "We can understand that the Chinese were upset and taken aback that somebody should fire a bullet through their door."

He said the Hong Kong Government will take seriously its obligations and responsibility to protect property.

A source close to the Chinese team of the Sino-British Joint Liaison Group (JLG) in Hong Kong said that, since

the matter had been raised through other diplomatic channels, the Chinese JLG team had no plan to put it on its agenda.

To assume its responsibility of administering Hong Kong until 1997, he said the British authorities should conduct a thorough investigation and to make sure it did not happen again.

The Hong Kong Government should take effective security measures to protect China's organizations in Hong Kong, he said.

The Chinese authorities have also taken appropriate measures to strengthen security at the JLG office and related establishments after the incident.

At present, there are four Chinese JLG members and more than a dozen support staff based in Hong Kong.

The incident has caused concern among Chinese officials about the deteriorating social order which may undermine Hong Kong's stability in the run-up to 1997.

XINHUA has asked the Hong Kong police to step up security measures around its premises but, at the same time, it worries that the force which is suffering a short-age of manpower will have difficulty in keeping the social order in the territory.

A XINHUA official who declined to be named said: "The Hong Kong Government should take full responsibility for keeping the social order of Hong Kong during the transitional period."

"In a law-abiding society of Hong Kong, a shooting event is very serious, especially when the target was XINHUA, the top representative office of the Chinese government in the territory."

"Social disturbance is the last thing we would like to see during this sensitive transitional period."

"In a law-abiding society of Hong Kong, a shooting event is very serious, especially when the target was XINHUA, the top representative office of the Chinese government in the territory."

"Social disturbance is the last thing we would like to see during this sensitive transitional period."

He said that factors affecting social stability seemed growing in Hong Kong recently.

"A marine constable died yesterday in an anti-smuggling operation. This is really bad. The triad activities in the territory are becoming more active recently," he said.

"But, on the other hand, the Hong Kong police are suffering from shortage of manpower and low morale. We do have concern about these problems which will affect the territory's stability."

Yesterday police ballistic experts were still trying to establish the distance and from where the gunman fired the shot at the window.

#### **Editorial Condemns Shooting**

HK0806023990 Hong Kong HONGKONG STANDARD  
in English 8 Jun 90 p 12

[Editorial: "Shooting Incident Condemned by All"]

[Text] The shot fired at the XINHUA office in Wan Chai sent an unnerving tremor around Hong Kong.

In these times of sagging confidence and oft-times acrimonious relations with Beijing, any incident that threatens to stretch tension to snapping point must be condemned.

Such a case is this one. That it happened on the anniversary of Tiananmen crackdown, during a period when hundreds of thousands of Hong Kong people once again re-lived the emotional trauma of that bloody event, is doubly disturbing.

Young and old alike took the opportunity, under this democratic system of ours, to give voice to their feelings. None, as far as this newspaper is aware, broke the law.

The bullet that pierced a window on the 11th floor of XINHUA's new office tower, as yet not occupied, must have engaged them as much as it did XINHUA officials.

Zhou Nan, China's top representative in the territory, made a "solemn representation" to the British government about the incident, which he described as "very, very serious".

Other Chinese spokesman refused to rule out the possibility that the motive for the attack was political.

High-ranking Beijing officials have also taken a grave view of the shooting incident. Li Hou, deputy director of the Hong Kong and Macao Affairs Office under the State Council, said yesterday. "It was a serious matter. The British administration in Hong Kong should be held responsible and make a thorough investigation."

He also called for stepped-up security measures to protect XINHUA personnel.

Another deputy director of the office, Lu Ping, said the Chinese side had already raised the matter with the British administration in Hong Kong.

We can understand fully the anger of Beijing's men in Hong Kong, but would direct their attention to the words of the Governor, Sir David Wilson, who promised the matter would be investigated and dealt with. The acting Secretary for Security, Ian Strachan, who wouldn't be drawn on the motives of the shooting, said: "Clearly, the Hong Kong Government is seriously concerned about this incident—not just because it's a XINHUA building but because it's an apparent alleged shooting into an empty building. If it was any building we would be

concerned." The police, too, have vowed to take speedy action to track down the culprit.

The message from the overwhelming majority of the people of Hong Kong to China is clear and categorical: This community abhors the action of a lunatic whose senseless folly has put at risk the delicate and vital process of rebuilding the bridges of friendship so necessary if our two communities are to share a constructive and progressive future.

#### **Students Refute PRC Subversion Charges**

HK0806030590 Hong Kong HONGKONG STANDARD  
in English 8 Jun 90 p 5

[By Franz Leung]

[Text] Hong Kong's university students yesterday denied that their decision to participate in the June 4 commemoration and other pro-democracy activities was a result of manipulation by "external forces."

They were responding to criticism from the local XINHUA director, Zhou Nan.

Mr Zhou had warned that Hong Kong's students were inexperienced and susceptible to "external forces" who could use them to achieve "certain purposes."

Hong Kong's university students have been actively involved in the pro-democracy movement in Hong Kong.

The students yesterday dismissed Mr Zhou's claim, saying their decisions were completely independent.

Liu Suet-wan, chairman of Chinese University's student union, said decisions were made after much consideration.

As an example she cited their sit-in confrontation with the police outside XINHUA NEWS AGENCY on the morning of June 4. The students eventually had their sit-in at the edge of police lines.

"If we were foolhardy we would not have taken so long to make a decision. We have a lot of discussion and voting on how our decisions would affect the public," Miss Liu said.

Miss Liu believes there are people who would like to use the students. "But we will study the motives of such people first," she said.

Lai Yan-piau, president of the Polytechnic student union, said Mr Zhou had under-estimated the students.

"Since last June, we have kept reminding ourselves to be calm, be ruled by reason and not to be used. We are cautious not to be involved in local politics," Mr Lai said.

He admitted students were "emotional" and inexperienced, but few Hong Kong people had political experience because of the territory's unique history.

Mr Lai said the students were affected by the tide of events and not by other people.

Another student leader, Yau Chun-ming, president of the Hong Kong University Student Union, said the students and the public had "matured" since last June, judging by the discipline at the mass campaigns.

"We are independent and are gaining experience," Mr Yau said.

He said he could not rule out the possibility that some people had tried to make use of them, "but this element was not very dominant."

"We will pull out if we find we are involved in political struggles.

"No politicians are manipulating us. We are influenced by the changes in Eastern Europe and the June 4 incident," Mr Yau said.

Legislator and social worker, Hui Yin-fat, disagreed with Mr Zhou.

"I think Mr Zhou does not understand Hong Kong well enough. Hong Kong people have been very individualistic, practical and apathetic to public affairs. Anything that can stimulate people to such an extent is very special," Mr Hui said.

"Hong Kong people and students are not stupid, given the advanced mass media network and access to world news. Every normal human being should feel like them."

#### **Released Hong Kong Student at Press Conference**

HK0806025790 Hong Kong SOUTH CHINA  
MORNING POST in English 8 Jun 90 p 2

[By Shirley Yam]

[Text] Hong Kong student, Mr Yiu Yung-chin, said last night he had no regrets about having taken part in last June's pro-democracy demonstrations which led to his being detained for a year by the Shanghai authorities.

At a press conference following his return to Hong Kong on Wednesday night, an uncompromising Mr Yiu condemned the military crackdown in China and called for the immediate release of all activists arrested after the June 4 massacre.

The 20-year-old student said his pursuit of democracy and freedom had not wavered despite his experiences in detention.

Appearing in public the first time since his return, Mr Yiu—looking pale and nervous but determined—said he would not be returning to China for at least a year or two.

Mr Yiu was released on Tuesday, after being detained in a Public Security Bureau detention centre in Shanghai on alleged counter-revolutionary charges since June 11.

Recalling his part in the democratic movement, he said he was a Standing Committee member of the Autonomous Union of Shanghai Universities and Colleges, which Chinese authorities later branded subversive.

Mr Yiu said he had organised mass protests in Shanghai including rallies, hunger strikes and class boycotts.

During the 20-minute press conference at the Hong Kong Polytechnic, Mr Yiu said: "I have definitely no regrets about what I did during the democratic movement...I hope I can complete my university studies.

"I need to have a rest now. I will continue to pursue democracy and freedom in China in an appropriate way in the future. I have not had the time to think about how it should [as published], but it should be peaceful.

"The year's imprisonment has ruined my health but my convictions have not changed."

Mr Yiu continued: "It is good to taste freedom again. But I have not forgotten those who took part in the movement with me. I hope the Chinese Government will set them free."

He said most of his colleagues had been arrested. The exception had been a student at Tongji University who escaped overseas.

Mr Yiu, who came to Hong Kong in 1982, was a third-year economics student at the prestigious Fudan University.

Hailing last year's student movement as a force for progress in society, he said it also demonstrated a ray of hope for the people's aspiration for freedom and democratic development.

"Its historical significance goes far beyond what is apparent now."

Mr Yiu remained critical of the authority's bloody suppression on June 4.

"It is intolerable that a government used real bullets to suppress students," he said.

The student leader said he was still in Shanghai when tanks rolled into Tiananmen Square on the night of June 3 and only arrived in Beijing on the afternoon of June 4.

Mr Yiu declined to discuss his days in custody, but admitted that he had been beaten up by some inmates.

"They considered me a Chinese national. All political prisoners, including me, were put in the same cell with criminals. No officials beat me in the jail but some of the criminals (did)."

"I'm happy to have been released. It came so suddenly—but I don't know whether it was conditional."

He attributed his release and the freeing of other activists to the changes in the international situation.

"Of course, it cannot be separated from the support of people from all walks of life in Hong Kong. I also thank the people who had demanded my release, and the media."

Chinese officials had earlier said all the dissidents released had pleaded guilty, voluntarily confessed their wrong doings and expressed a willingness to repent.

Mr Yiu said he was freed after signing a statement which said he was "exempted from prosecution" on charges of disrupting traffic.

He denied pleading guilty to any other charges.

He said he had written an article in which he was asked to reflect on the student movement and to state his attitude again after the detention.

"About the contents of the article, I think you all can understand what a person who has lost his freedom would write...but I never betrayed the truth, nor did I repent anything."

Asked if he felt he was guilty of any offence, Mr Yiu said: "According to China's law, it is illegal to hold a demonstration and rally without official approval. But it was simply impossible that the authorities would approve it."

"I had no choice but to organise demonstrations without approval. I admit I breached the law in that context. But I saw it as an essential way for a student to express his demand to the government."

But Mr Yiu refused to comment on the future of the democratic movement in China and called for world sanctions against the country, adding that he did not have a clear idea of the latest developments because of his long detention.

The student said he had not talked to any Special Branch officials.

Mr Yiu said he had not made up his mind on whether to join any pro-democracy alliance here and overseas or political groups in future.

### **Zhu Rongji's Shanghai Delegation Arrives**

OW0806124990 Beijing XINHUA in English  
1101 GMT 8 Jun 90

[Text] Hong Kong, June 8 (XINHUA)—The Shanghai economic delegation, led by Zhu Rongji, mayor of Shanghai, arrived today here by air today for an eight-day visit to Hong Kong.

On his arrival at Kai Tak Airport this morning, Zhu said in a written statement that the delegation's visit is aimed at improving the good relations in economic cooperation that have existed between Shanghai and Hong Kong and looking into and learning from Hong Kong's successful experience in economic development and municipal engineering.

"The delegation will participate in the seminar 'Shanghai's Economic Development in the 1990s' Prospects for Shanghai-Hong Kong Economic Cooperation', make extensive contacts with Hong Kong personages from all walks of life, see for overseas, first-hand, Hong Kong's infrastructure and its financial and trade centers, and find out about developments in municipal engineering and economic growth in Hong Kong," the mayor said.

Wang Daohan and Li Chuwen, advisors to the Shanghai municipal government, are advisor and deputy leader of the delegation respectively.

### **Hong Kong Said Vital for Shanghai Project**

HK0806023390 Hong Kong HONGKONG STANDARD  
in English 8 Jun 90 p 11

[By Tammy Tam]

[Text] Shanghai's Pudong project, which is dependent on overseas investment and expertise, is expected to strengthen economic links between the city and Hong Kong.

The project would also enhance Hong Kong's status as a financial centre able to raise funds for multi-billion-dollar projects, according to researchers and investors.

Besides selling the project to the territory's investors when he arrives in Hong Kong today, Shanghai Mayor Zhu Rongji plans to meet the Governor, Sir David Wilson, to promote cooperation between the two cities.

The Pudong development plan, on a 350-square-kilometre piece of undeveloped land outside Shanghai, has been designated by Beijing as China's most important reform project of the 1990s.

Hong Kong has played an important role in China's opening to the outside world in the past 10 years when Beijing concentrated economic development in the southeastern coastal area, especially the Pearl River Delta next to Hong Kong.

The majority of investments in Guangdong province are from Hong Kong. However, perhaps because of the distance, the territory's businessmen have shown less interest in Shanghai in the past decade.

Yang Zhenghan, chairman of the Southeast Economic Information Centre, a China-backed research institute on Hong Kong's economic development, said the Pudong project would benefit both China and Hong Kong.

"Hong Kong is regarded by Shanghai authorities as a very important venue for raising funds. By so doing, it will strengthen Hong Kong's status as an international financial centre."

There have been worries that with China shifting its economic centre of gravity north to the Yangtze River area, the territory's importance in China's economic development would gradually decline.

However, Mr Yang said by getting involved in the Pudong project, Hong Kong could keep its decisive role in promoting China's reforms.

He pointed out that even if Shanghai caught up with Hong Kong, the importance of Hong Kong would remain.

"In international trade and financial activities, Hong Kong's role is hard to replace.

"I believe that it will still take at least 20 years for Shanghai to catch up with Hong Kong in some fields," said Mr Yang, who lived in Shanghai for more than 10 years before working here.

"Attracting enough investment is vital to the success of the Pudong project. Although Hong Kong does not have many high-tech industries which are needed in Pudong, the territory can contribute a lot in the financial and many other fields."

The first stage in the decades-long development plan of Pudong mainly focuses on infrastructure construction, which needs a huge capital input.

Mayor Zhu said earlier that most of the investment would come from foreign loans and investment because the money granted by the central government was limited.

He said Hong Kong was the most suitable place to raise money for the giant project.

Mr Yang said collecting investment for Pudong is only one aspect of the mayor's visit to Hong Kong.

"Shanghai's mayor has said that with Pudong's development, the city will restore its status as a financial centre of the country, and will also try to make it to international standards. Hong Kong's experience in this field is very useful.

"Moreover, Hong Kong can help Shanghai in its development of the port, power stations, transport and telecommunications."

He also said that Hong Kong could provide Shanghai with much help in the service industries.

"The legal and attorney service, computers, design and many other service industries will be needed in Shanghai with the Pudong development."

Mr Yang said Mayor Zhu placed great hopes in Hong Kong for the Pudong project.

It is believed that the Shanghai mayor wants to enlist the assistance of Hong Kong's large number of Shanghaiese business tycoons.

DJ Loh, a Shanghai-born businessman who is a member of the national and Shanghai committees of the Chinese People's Political Consultative Conference, said he was prepared to help development in his hometown.

"Hong Kong's development has to rely more on that in China. This has become more obvious following the June 4 incident. Only with development in China can Hong Kong keep its prosperity," he said.

Mr Loh said that the Shanghaiese businessmen were encouraged by the Pudong project. "But most important is that Pudong shows China's continuing opening up to the outside world," he said.

Mr Loh, who has set up three textile factories in Shanghai, is planning to invest in a computerised printing plant in the city.

"I believe that with the Pudong development, there will be more chances for us."

The Shanghaiese group has been a very influential force in Hong Kong's economic community and could be advantageous to Shanghai's development, Mr Yang said.

"Now the question is, how can Shanghai convince people to put money in Pudong and how can the city win people's confidence in its open policy," he said.

## Macao

### PRC Reacts To Planned Pre-1999 Property Sale

HK0806013990 Hong Kong SOUTH CHINA  
MORNING POST in English 8 Jun 90 p 6

[By Adam Lee in Macao]

[Text] China has expressed concern about the Macao authority's plan to sell government property before 1999 to finance major construction projects.

Mr Lu Ping, deputy director of the Chinese State Council's Hong Kong and Macao Affairs Office, yesterday said the matter had been referred to the Sino-Portuguese Joint Liaison Group (JLG).

"If the Macao Government sells all government properties, then the future Macao Special Administrative Region government will be left with nothing when Macao reverts to China in 1999," Mr Lu said.

The Government had earlier said it planned to sell some of its property, including 700 flats used as civil servants' quarters, to raise funds for projects such as the international airport, deepwater port and the second Macao-Taipa bridge.

Mr Lu was speaking in Beijing yesterday before the start of the fourth plenary session of the Macao Basic Law Drafting Committee.

But Mr Lu said China would continue to support Macao's plan to build the airport.

He denied a news report that a member of the standing committee of the Chinese Communist Party's Politburo, Mr Li Ruihuan, had objected to the project when he visited Zhuhai recently.

Mr Lu said the new translation of the Chinese name of the Macao Organic Statute would also be discussed by the JLG.

He said the Chinese Government had asked the Portuguese authorities to stick to the old translation.

Mr Lu also said the successful applicants among the 45,000 illegal immigrants registered with the Macao

Government on March 29 must live in the enclave for at least seven years before they could be recognised as permanent residents.

He said the requirement was stipulated in the Sino-Portuguese Joint Declaration.

Mr Lu said those granted identity cards by the Macao Government could apply to the Chinese authorities for a home return permit.

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